2024-25
Pūrongo ā-tau **Annual Report**

horizons
REGIONAL COUNCIL

29 October 2025

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Te horopaki
Setting the scene

Message from the Chair and Chief Executive

Tēnā koutou katoa, and welcome to the 2024-2025 Annual Report. We have successfully completed year one of our Long-term Plan (LTP). While there have been changes to what we do governed by central government's decisions, our teams have adapted and continued to deliver outcomes, ensuring we have a healthy environment where people are thriving.

It has been a busy time for our science team as they contributed to and prepared our Te Oranga o te Taiao – State of the Environment | Horizons Region 2025 Report (SOE). This was published on 24 June 2025 and provides an overview of the state and trends of the region's environment, as required every five years under Section 35 of the Resource Management Act 1991. This report supports decision-making, policy development, accountability and public education. As part of the development of this report, we ran a competition asking our communities to share how nature contributes to their lives via artwork. The winners then had their artwork included in our SOE report. The creative works included in the report showcase the deep personal and cultural connections our communities have with nature and serve as a powerful reminder of the impact of the environment on our wellbeing.

This year saw the completion of some of the Jobs for Nature projects. Both the Regional Stream Fencing and Riparian Planting and Enhancing Fish Populations through Fish Passage Remediation projects were co-funded through central government, landowners and rates. A highlight of these projects was 30.2 kilometres of stream fencing completed, 107,219 riparian plants planted, remediation of 18 barriers to fish passage, and the completion of seven community projects in the Manawatū catchment. This is a great effort for the team as these projects came to an end.

This year was also the final year for four Climate Resilience Infrastructure Projects. These projects included Moutoa Gates upgrades, sheet piling at Foxton and the Mangaone Stream Gabion replacement work in Palmerston North, all of which provide more flood resilience to our communities.

Work continued for our Biodiversity and Biosecurity teams. Biodiversity worked with a variety of community groups and landowners to protect the region's most rare and threatened ecosystem types, while the biosecurity team continued to control pest animals and pest plants across the region. The pest animal team provided advice to ratepayers, enabling landowners to undertake their own control. The pest plant team have continued freshwater advocacy (Check, Clean, Dry) and surveillance for gold clams.

New regulations on dam safety commenced in 2024, keeping our District Advice team busy. These regulations aim to improve resilience and safety of New Zealand's dams, protect people, property and the environment from potential impacts of dam failures. Dam owners were required to submit Dam Classification Certificates (DCCs) to Regional Authorities for approval. All known 67 classifiable dams in the region are compliant with the regulations.

While there weren't many emergency events over the last year (thankfully!), our Emergency Management team have been busy strengthening the capability of the Manawatū-Whanganui Civil Defence Emergency Management (MWCDEM) Group. The team has grown with the establishment of a Senior Emergency Management Advisor role. The team have also successfully implemented the D4H Incident Management System to support both the Group Emergency Coordination Centre and

the Regional Duty Officer framework. This tool enhances our situational awareness across the region on a day-to-day basis. In the case of an event, it will help us effectively monitor and manage response activities.

Over the past 12 months, Council ratified a Kawenata (Memoranda of Partnership) with Ngāti Haua. This partnership aims to further strengthen our collaboration with tangata whenua and reflect shared commitment to mutual goals.

In August 2024, Horizons Councillors voted to retain Māori constituencies for the 2025 local government elections. Council wanted to continue strengthening its relationships with iwi and hapū across the region. Māori have often been under-represented in local government, and this enables successful Māori participation in decision-making at Horizons.

Horizons is committed to continuing our relationships with tangata whenua, and these are just examples of how we are focussing on our community outcome: Whanaungatanga whai mana | Our region's relationships with iwi and hapū are respectful and mana enhancing.

We marked a year of having a fully electric bus fleet in Palmerston North. We are proud we were the first to introduce a fully electric fleet in Australasia, and look forward to seeing others follow in our lead. The new network has seen growth in patronage throughout this first year, which is a positive outcome, and we continue to monitor public transport across the region to see how we can best serve our communities. This displays our commitment to He whatunga waka mauritau | Our region has effective transport networks.

Our Information Management team have had their hands full transitioning staff to IRIS NextGen – a modern, cloud-based regulatory platform. IRIS NextGen is being developed in partnership between ten councils to replace the current system used for consenting and compliance monitoring, contact management and other environmental and regulatory functions. While it is yet to be implemented, there has been a lot of work contributing to the process design and planning. Behind the scenes, there is a lot of preparation the team has to do for our organisation to be ready for implementation, alongside supporting the development of this tool. Once implemented, we should see improved operational efficiencies and a more streamlined system.

All of these activities are just a glimpse of the wider work our organisation has been doing. Our focus is always centred around our vision: Tō tātou rohe – taiao ora, tangata ora, mauri ora; Our place – a healthy environment where the people are thriving.

Our teams have been busy this past year. If you're curious about the work we've been doing, we encourage you to delve further into this Annual Report. You'll find more detailed information about our achievements, as well as financial breakdowns of activities.

Nā mātou, nā,

Rachel Keedwell
CHAIR

Michael McCartney
CHIEF EXECUTIVE

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Welcome to the Annual Report and Financial Overview

This Annual Report describes the work Horizons Regional Council (Horizons) has carried out over the 2024-25 financial year and compares our performance against the LTP 2024-34.

Budget Variance

	$000
Surplus as per Statement of Comprehensive Revenue and Expense	3,402
-Less: Budgeted net surplus	9,004
Budget variance	(5,602)

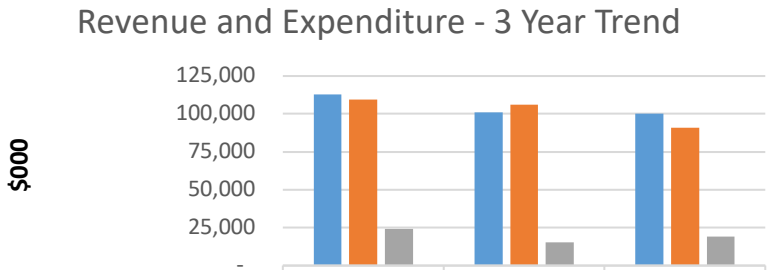
There are several contributors to this budget variance as detailed below:

Partnerships, governance and leadership	(217)
Strategy, science and regulation	(379)
Catchment operations	(1,356)
Transport and regional services	(162)
Investments	(3,489)
Budget variance	(5,602)

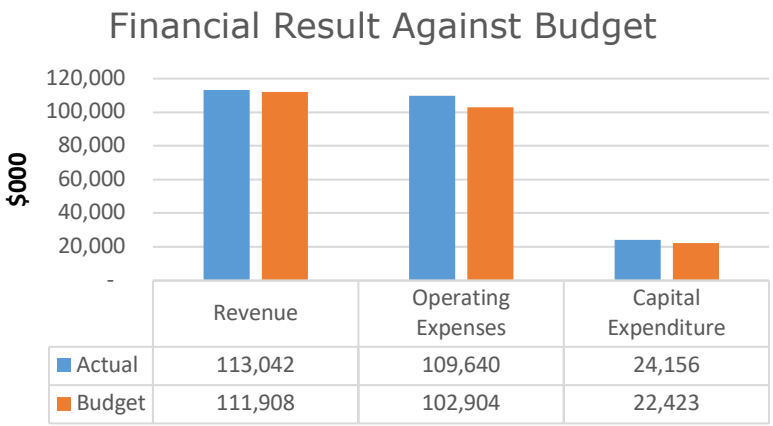
The actual result was $(5.602) million down on budgeted surplus. The largest contributors to this are as follows:

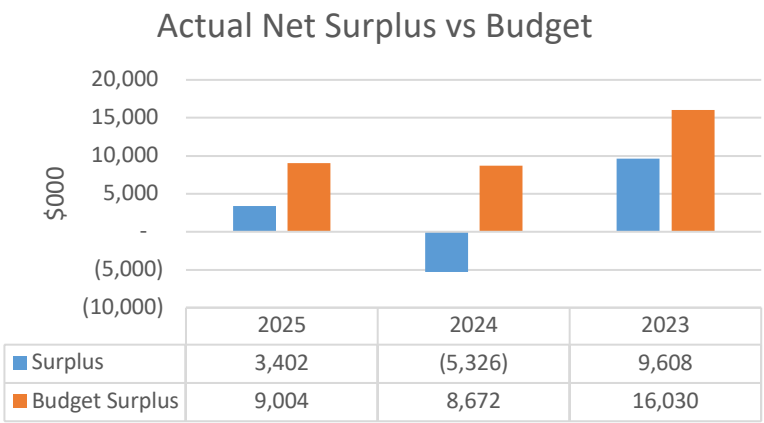
- Reduced grant funding for capital projects ($1.2M),
- Under recovery of regulatory revenue ($1.7M) combined with additional external costs associated with appeals, ongoing investigations and court matters ($0.5M),
- Loss on the revaluation of the forestry assets ($1.0M) offset by net revenue from forestry sales ($0.5M),
- Assets written off due to being damaged, lost or no longer in use ($0.7M),
- Impact of lower interest rates on valuation of interest rate swaps held, resulting in higher finance costs ($0.8M),
- Savings in policy, strategy and science with program delays and staff vacancies due to central government signalled changes to the resource management system ($1.0M).
- Regional House Council building has been fully impaired due to a structural assessment identifying parts of the building as earthquake-prone. A loss on buildings revaluation/impairment expense of ($1.6M) has been recognised as a result after offsetting the revaluation reserve.

Refer to Explanation of Major Variances Against Budget in note 33 for more details.



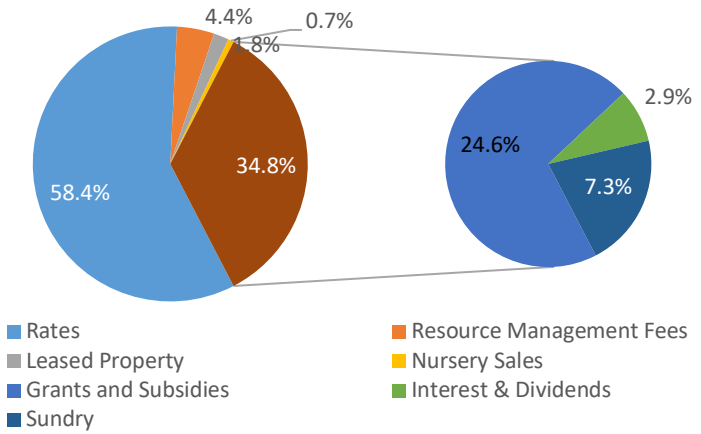
	2025	2024	2023
Revenue	113,042	100,886	100,365
Operational Expenditure	109,640	106,212	90,757
Capital Spend	24,156	15,279	19,220





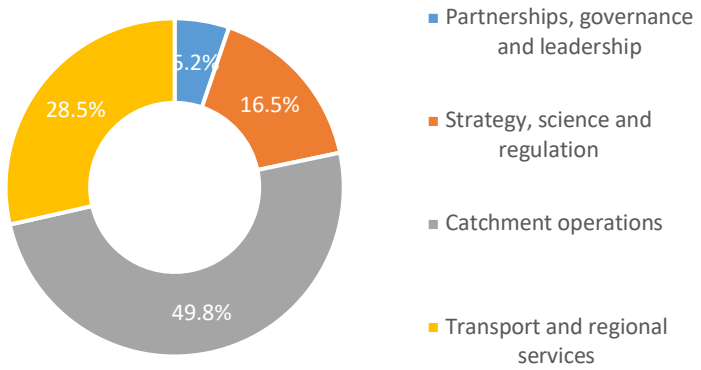
Revenue

Revenue was $113.042 million for the year, an increase of 1.01% on budget. This revenue is derived from multiple sources, with Rates being the main contributor.



Expenditure

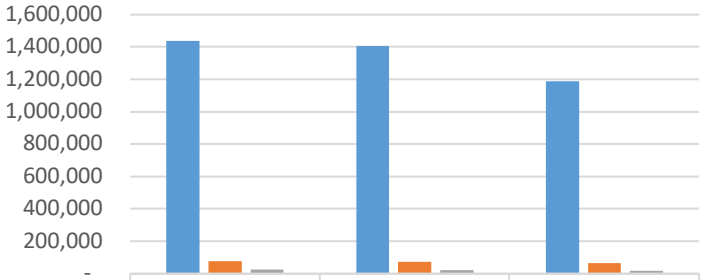
Total expenditure incurred by Horizons during the year was $133.797 million. This includes operating expenditure of $109.640 million and capital expenditure of $24.156 million.



Note the above does not include the Investment Activity.

Horizons' Assets and Liabilities

During the financial year, Horizons' net worth increased from $1,305.902 million to $1,332.933 million.



	2025	2024	2023
Assets	1,436,512	1,404,224	1,189,818
External Debt	78,912	74,357	66,000
Other Liabilities	24,668	23,966	19,922

Statement of Service Performance 2025

Overview

The Statement of Service Performance illustrates progress made during 2025 towards achieving our vision.

Council's vision is 'Tō tātou whenua ora – mauri wai, mauri whenua, mauri ora. Our region – a healthy environment where people are thriving'. Our primary focus is on a healthy environment and thriving people across the rohe, both now and in the future. To achieve this, our residents require Council to provide appropriate levels of services.

The Long-term Plan and Annual Budgets (Plans) provide more details on these services and how our performance can be measured. The Council develops the vision and associated goals in consultation with the community. These goals are called community outcomes. Our community outcomes are what we aim to achieve to promote the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future, whilst taking a sustainable development approach. Many of the community outcomes also require collaboration and involvement from other organisations in the community to achieve them.

Council's goals as set in the Long-term Plan 2024-34 were:

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered
Communities are enabled to participate meaningfully in decision making and take action to benefit our collective wellbeing.
He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing
Mutually beneficial partnerships with tangata whenua reflect the intent of te Tiriti o Waitangi/the Treaty of Waitangi.
He pūnaha hauropi ora
Our region's ecosystems are healthy
A full range of healthy ecosystems from the mountains to the sea are valued for their intrinsic worth and provide sustainably for communities.
He whatunga waka mauritau
Our region has effective transport networks
Safe, sustainable public transport and infrastructure planning that support connected communities and reduce the region's carbon emissions.
He rohe piki te ōhanga, pika te taiao
Our region's economy is thriving and environmentally sustainable
A sustainable economy that supports communities to thrive socially, culturally and environmentally.
He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change
Communities understand natural hazards and our changing climate and are supported to respond and adapt.

Achievement of the community outcomes requires some level of prioritisation and trade-offs. To that end, Council has four strategic priorities to inform the 2025-27 period:

- Te piki manawaroa ki te āhuarangi hurihuri – Building resilience to the impacts of climate change
- Te whakakaha whanaungatanga ki te tangata whenua – Strengthening partnerships with tangata whenua

- He ara torowhārahi – mai i ngā maunga ki te moana (whakahere riu) – a holistic approach, from the mountains to the sea (integrated catchment management)
- He tūhono wāhi he honohono tangata – Connecting people and place through effective public transport connections

Te anga rautaki
Strategic framework

Tō mātou wawata
Our vision

Tō tātou whenua ora – mauri wai, mauri whenua, mauri ora
Our region – a healthy environment where people are thriving

Ngā rautaki arotau
Our strategic priorities

Te piki manawaroa ki te āhuarangi hurihuri
Building resilience to the impacts of climate change

Te whakakaha whanaungatanga ki te tangata whenua
Strengthening partnerships with tangata whenua

He ara torowhārahi – mai i ngā maunga ki te moana (whakahaere riu)
A holistic approach, from the mountains to the sea (integrated catchment management)

He tūhono wāhi he honohono tangata
Connecting people and place through effective public transport connections

Ngā putanga ā-hapori
Our community outcomes

He whakamana hapori, he hapori kori
Our region's communities are vibrant and empowered

He whanaungatanga whai mana
Our region's relationship with iwi and hapū are respectful and mana-enhancing

He pūnaha hauropi ora
Our region's ecosystems are healthy

He whatunga waka mauritau
Our region has effective transport networks

He rohe piki te ōhanga, piki te taiao
Our region's economy is thriving and environmentally sustainable

He hapori manawaroa
Our region's communities are resilient to the impact of natural hazards and climate change

Activity Information

Our work programmes are organised into Groups of Activities that support the achievement of these community outcomes and our vision. These are:

- Partnerships, governance and leadership
- Strategy, science and regulation
- Catchment operations
- Transport and regional services

The results achieved against the non-financial service performance targets, or otherwise more commonly known as outputs, for 2025 are summarised in the table below. Performance has been compared to the 2024-34 Long-term Plan targets.

Activity and service performance information is contained on pages 15 to 85.

Group of activities	Number of targets	Achieved	Measure Not Applicable	Partially or Not Achieved	% Achieved 2024-25
Partnerships, governance and leadership	12	8	1	3	72.7
Strategy, science and regulation	19	13	2	4	76.5
Catchment operations	49	43	3	3	93.5
Transport and regional services	26	24	0	2	92.3
Total 2024-25	**106**	**88**	**6**	**12**	**88.0**
Group of activities	**Number of targets**	**Achieved**	**Measure Not Applicable**	**Partially or Not Achieved**	**% Achieved 2023-24**
Land and Water Management	24	15	5	4	78.9
Flood Protection and Control Works	28	1	6	21	4.5
Biosecurity and Biodiversity Management	16	13	1	2	86.7
Regional Leadership and Governance	32	28	0	4	87.5
Transport	9	7	2	0	100.0
Investment	3	0	0	3	0.0
Total 2023-24	**112**	**64**	**14**	**34**	**65.3**

Note: The percentage achieved is based on measures that were able to be achieved during the year, because they applied to this year rather than the total number of targets. We have also not included any qualitative measures in the above table, as these are not measured on an achieved or not achieved basis.

Statement of compliance

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP).

Performance Framework and Selection of Measures

The overall purpose of Council's performance framework is to:

- allow residents to make a judgement on whether or not the Council action being measured is worth funding through rates or fees
- allow Council to take corrective actions if the expected results are not being achieved.

The Long-term Plan pulls together Council's Strategies and Plans, which enable us to bring our vision and community outcomes to life. Activities and non-financial performance measures (outputs) within the Long-term Plan align with these strategies and plans. These service performance measures are directly linked to actual work we undertake or contract others to do, meaning they are quantitative and can be more easily measured. We do have some qualitative measures this year, which are harder to measure. Currently, these are only found in the governance activity on page 21. Council publicly reports the Long-term Plan measures as part of the Activity Statements in the Annual Report.

The Department of Internal Affairs sets some mandatory measures that all Councils need to include in their Long-term Plans. For our Council, these relate to our Catchment operations works and are detailed on pages 51 to 65.

Other measures were set through Council's Long-term Plan process in consultation with our communities.

Council has one target that measures its performance in setting how well it processes resource consents within statutory frameworks. In setting targets for this measure, Council acknowledges that a small number of applications will not be processed in the statutory timeframes. This is because some complex consent issues cannot be resolved within these timeframes.

Note that the service performance information contained on pages 15 to 85 of the Annual Report relates to Council only. The CCO service performance information is contained in note 11 to the Financial Statements.

Māori contribution to Council's decision-making processes

The LGA requires all councils to consider ways in which they can foster the development of Māori capacity to contribute to their decision-making processes. The ways in which Council currently does this are through:

- the provision of funding to enable engagement with iwi/hapū in decision and policy-making processes (via the Iwi/Hapū Relationships activity, funded by 100% General Rate).
- establishing and maintaining processes for Māori to contribute via Memorandums of Partnership and other relationship agreements, project governance and operational input,
- building our internal capacity through the provision of advisory roles and our staff cultural competency programme so that we are equipped to support tangata whenua when they engage (see our performance measures for the Iwi and Hapū Relationships activity).

Te rangapū, the whakahaere, the tātaki
Partnerships, governance and leadership

Te rangapū, te whakahaere, te tātaki
Partnerships, governance and leadership

This group of activities is made up of the following activities:

- Governance
- Iwi and Hapū Relationships
- Community Wellbeing and Relationships

What we do

The Partnerships, Governance and Leadership Group provides the leadership and oversight for Council's strategic decision-making and relationships, and community wellbeing in the region. The Governance function, made up of the elected members sitting as Council, the six committees of Council and the Joint Committees, represent their constituent communities around the Council table.

This group is also focussed on developing and maintaining strong iwi and hapū partnerships, as well as informing, educating, and empowering the diverse range of communities across the rohe.

Contribution to Council's community outcomes

The Partnerships, Governance and Leadership Group contributes to all six of our community outcomes by having a holistic focus in the decision-making process and engagement with the community.

Our region's communities are vibrant and empowered

- We provide effective leadership and make future-focussed decisions that benefit the community.
- We develop and maintain formal and informal partnerships that benefit the region or distinct communities.
- We inform and educate the community about Council mahi that impacts them.

Our region's communities are resilient to the impacts of natural hazards and climate change

- We work with local and regional authorities, tangata whenua, and community groups to provide leadership and direction to promote community resilience.
- Our communications function has a direct impact on the resilience of our communities, through the provision of timely and accurate messaging to ensure they are prepared for natural-hazard events.

Our region's ecosystems are healthy

- We seek to make wise, evidence-based decisions that promote the health and longevity of our region's varied and unique ecosystems.
- We help tamariki and rangatahi learn about and engage with te taiao/the natural environment, so that they are empowered to make decisions about their future.

Our region's economy is thriving and environmentally sustainable

- We consider the challenges and opportunities of balancing economic and environmental wellbeing as we make decisions.

Our region has effective transport networks

- Our Regional Land Transport Plan and Regional Public Transport Plan set out an integrated approach to the transport networks in the rohe/region that provide for our current and future communities.
- We seek feedback from our communities about their transport needs and regularly communicate with them about matters that impact them.

Our region's relationships with iwi and hapū are respectful and mana-enhancing

- We seek to become better Te Tiriti/Treaty partners by seeking meaningful partnerships with tangata whenua, by seeking their participation in planning and decision-making, by supporting capacity and capability building.

What we did this year

Governance

Annual Plan Consultation – Horizons consulted on proposed changes in the 2025-26 Annual Plan and an amendment to the 2024-34 Long-term Plan. This consultation included public transport funding for improved bus services in Whanganui, a new bus service in Horowhenua and the Te Pūwaha loan term. Other considerations were whether or not to continue the investigation into the sale of CentrePort shareholding.

Councillor Attendance – Overall attendance by councillors at meetings relevant to their responsibilities was 95% (a slight increase from the previous year of 94%). The attendance figures below refer to Council meetings and the committees that the individual councillors were nominated onto. In addition to these, Councillors attended a number of other committee meetings as a matter of interest.

Individual attendance for the 12 months to 30 June 2025 was as follows: (Calculation based on at least 75% attendance of the duration of a meeting).

Note: The Annual Plan hearings are recorded as 1 meeting, however, the hearings took place over 3 days.

Benbow, AL	24 out of 25
Clarke, EML	19 out of 24
Cotton, D	18 out of 21
Edmonds, J	25 out of 25
Ferguson, S	28 out of 28
Gordon, B	22 out of 25
Gordon, F	23 out of 25
Keedwell, R	34 out of 34
McKellar, G	21 out of 21
Naylor, J	28 out of 28
Riley, N	25 out of 25
Taylor, A	24 out of 24
Te Awe Awe,	19 out of 21
Teira, T	27 out of 28

Iwi and Hapū Relationships

The Iwi and Hapū Relationships Activity focuses on developing and maintaining positive and productive working relationships with tangata whenua, represented by the region's diverse iwi, hapū, and Post-Settlement Governance Entities (PSGEs).

Over the past 12 months, the Council has ratified one Memorandum of Partnership with Ngāti Haua and approved another subsequent to year

end with Ngā Hapū of Te Iwi Whanganui. A further agreement is being developed. These partnerships aim to further strengthen our collaboration with tangata whenua and reflect a shared commitment to mutual goals. Additionally, Council appointed a member to Ngā Wai Tōta o te Waiū, the group responsible for Te Waiū-o-Te-Ika framework for the Whangaehu Awa. Council also received the Ngāti Whakatere Hapū Management Plan.

A key priority for many iwi and hapū has been the Oranga Wai Freshwater Future Programme, designed to implement the National Policy Statement for Freshwater Management. This programme remains a significant focus, and Council has continued its engagement with iwi and hapū in the spirit of partnership. A series of hui were held throughout 2024/25 to ensure ongoing collaboration and feedback.

As part of Council's commitment to improving its engagement practices, feedback has been sought from iwi and hapū across the region through an independent Te Tiriti partnership health check. Additionally, an evaluation was carried out to assess the effectiveness and efficiency of the Te Ao Māori provisions outlined in Chapter 2 of the One Plan. The results of this feedback will guide the development of an engagement strategy and implementation plan, which will address the recommendations from the evaluation reports.

An internal review has also been conducted to assess staff confidence and cultural competency. This review identified the need for further cultural training. As a result, a cultural training programme has been developed and will be rolled out in 2025/26 to strengthen Council's ability to engage meaningfully with tangata whenua.

It is acknowledged that the demands placed on tangata whenua by central and local government agencies have been significant. This has required iwi and hapū to prioritise their engagement efforts. Additionally, ongoing resource management reforms by the government have created uncertainty, further adding to the workload of iwi and hapū. In response, Council remains committed to supporting iwi and hapū by helping to prioritise involvement and addressing capacity and capability needs.

Community Wellbeing and Relationships

The 2024-25 financial year saw a number of high-profile engagements take place. Highlights included the 2024-34 Long-term Plan amendment and 2025-26 Annual Plan process, review of the Tōtara Reserve Management Plan, and running a creative arts competition to help inform the State of Environment report released in 2025.

Assisting the Transport team with their communication needs continued focus. This ranged from smaller engagements such as the Music on Buses consultation, through to reviews of the Aorangi Feilding and Whanganui bus networks, and continued promotion of the Connect – Horizons Regional Transport brand and other services across the region.

Thankfully, it was a quiet year for public information management (PIM) work due to a lack of Civil Defence Emergency Management events. However, work was still undertaken to upskill and improve to ensure the Communications team is ready to respond where required. Team members took part in an oil spill response exercise at Piriharekeke Manawatū River loop with other Horizons staff, which was supervised by Maritime NZ. Connections were also reinforced with other PIM staff across the region, especially those at other councils.

Our Environmental Education work continues to exceed non-financial performance measurements, having a total of 119 Enviroschools in the Horizons Region (target of 100). Attaining a 100% satisfaction rating from surveys conducted after Environmental Education sessions shows this mahi is highly valued by our communities.

Improving Horizons' website presence has taken up significant time and resources the past year. The current website is not serving the needs of our community as well as it could. Staff manage several websites with different content management systems, creating inefficiencies and increased costs. The website project will streamline content management systems, create standalone websites for functions with specific needs (e.g. Emergency Management and Transport), and ensure all websites work well on mobile and desktop devices. The main Horizons website is currently scheduled to launch towards the end of 2025.

In addition to the Communications team, Horizons operates a 24-hour call centre and Pollution Hotline.

Environmental Education

It was a busy year for environmental education overall, but two events stood out for the team as positive examples of how environmental education can help children connect with nature and learn how the environment around them works.

The first event the team held was a Ngā Huinga student wai hui (water meeting) in Taumarunui. This event saw 70 students from 10 schools come along to hear from Ngāti Hāua, DOC, Ruapehu District Council, Veolia and Horizons Regional Council about everything wai.

This event was the first big environmental education event in the area, and schools, students, and environmental educators were enthusiastic and excited about the opportunity to participate in the hui. The students learnt about the area and completed a range of activities focussed on water, its health, and conservation.

Each of the external groups that took part brought a different perspective that was well received by the students. Ngāti Hāua used augmented reality to talk about the history of the area and the naming of the different local sites. DOC talked about the impact of introduced pests on our ecosystems, including the gold clam, which is found in the neighbouring area of Waikato. Ruapehu District Council ran waste-themed activities and talked about alternative choices to non-recyclable plastics. Veolia showed students where their water comes from, and what happens when anything other than the '3 Ps' (poo, pee and paper) gets into the wastewater pipe network. Our Horizons staff taught students to identify native and introduced fish. Green By Nature kindly provided a BBQ to keep everyone going throughout the day's activities. The day ended with students making a pledge about what they can do as individuals and as a school/kura to support water health in 2025.

The environmental education team also held a regional Enviroschools early childhood education (ECE) teachers' hui at Camp Rangi Woods. More than 60 ECE teachers unpacked how we experience and strengthen our connections to the land that nurtures us and to all the creatures that inhabit it with us.

With the beautiful native bush of Tōtara Reserve as a backdrop for this hui, it was the ideal spot for attendees to go for a native tree hikoi and participate in harakeke weaving. They learnt how to build wētā motels, learnt about minibeasts and manu (birds), and sharef ideas and resources about what they do in their centres/schools to support connections to nature.

The day received positive feedback from teachers, who enjoyed connecting with other like-minded individuals and nature while returning with activities and ideas to use in their own centres.

Both events show how environmental education helps both teachers and students learn about and connect with the natural world around them. Events like these empower teachers to continue teaching students how to connect with nature, and it fosters children to have a deeper understanding of the impact they can have on the environment.

The team look forward to hosting more events like this in the future and continue encouraging some of the youngest in our communities to connect with nature.

PERFORMANCE TARGETS

GOVERNANCE	
Council's purpose is a) to enable democratic local decision-making and action by, and on behalf of, communities; and, b) to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.[1] Our performance goals are expressed through our strategic priorities and community outcomes. Measuring successful delivery of these things on an annual basis is difficult because the governance impacts of our decisions are mostly experienced in the longer term rather than within a single year. Thinking about impact on an annual basis, if the Governance Team (the elected members) does its job well, the rest of Council will perform well. Our success is measured by the performance of the whole Council team. Rather than using numbers or percentages to measure how well we are doing as a Governance Team, we will undertake an honest assessment of how we did each year to be included in the Annual Report. We will use our strategic priorities and community outcomes as a framework for that assessment. For each of our strategic priorities, we will ask ourselves and report on the following questions: 1. What actions did we take to demonstrate our commitment to this strategic priority? 2. What happened as a result of our actions? 3. What difference has been made as a result of our actions? 4. What lessons have we learned? What can we improve on in the future?	Achieved Elected members set a new target in the 2024-34 Long-term Plan to assess how they are performing each year to report back on this in the Annual Report. For Year 1, Council had an open discussion at a workshop in August 2025 about the target and decided to share deeper reflections as desired following that. A summary of the reflections shared, using the strategic priorities and community outcomes as a framework, included: - Acknowledgement of key actions Council has enabled to support the priorities and outcomes. For example, delivering a climate action plan and signing two new Memorandums of Partnerships with tangata whenua. - Keeping priorities and outcomes front of mind in decision-making to demonstrate commitment to them. For example, transforming public transport in Palmerston North and Whanganui with greater investment, even when central government backed off their support. - When considering the difference made by Council actions, it's acknowledged more time is needed to measure true impact, but overall it feels like we're heading in the right direction. - Learnings include bringing key stakeholders on early, the importance of having clear direction detailed in the Long-term Plan, and clearly defining what we want to achieve.

[1]Local Government Act 2002, Section 10

IWI AND HAPŪ RELATIONSHIPS						
Achieved ●●● 3		Not Achieved ● 1				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We work towards respectful and mana-enhancing relationships with tangata whenua						
1.1	An independent Te Titiri o Waitangi partnership health check of the organisation is completed in year 1 of the LTP.	New measure	Achieved	Achieved	●	The independent Te Tiriti Health Check was undertaken by Buddle Findlay and presented to Council on 24 June 2025.
1.2	Develop an implementation plan based on recommendations from the independent health check.	New measure	Achieved	In progress	●	Implementation plan being developed to action in the 2025/26 financial year.
1.3	Improving our relationship with tangata whenua is one of Council's four strategic priorities and one of our six community outcomes. We don't think numbers alone are a good way to measure how well we are doing as Te Tiriti/Treaty partners. Through a three-yearly, independent Te Titiri o Waitangi Partnership health check (see 1.1) we will gain insight into areas for improvement, and over time, we will be able to see our progress. In years 2 and 3 of each Long-term Plan, we will undertake our implementation plan. At the end of each year, we will ask ourselves, and report on, the following questions: 1. What were our areas for focussed improvement? 2. What steps did we take towards improvement? 3. Examples of what happened as a result of our actions. 4. What difference has been made as a result of our actions? 5. What lessons have we learned? What can we improve on in the future?					
1.3 (cont.)	Implement steps and reflection process for areas for improvement raised in the health check in year 1.	New measure	N/A	Not Applicable	●	
2. Council staff and elected members are strongly encouraged to participate in an internal cultural competence programme						

2.1	Total average score in the Horizons Cultural Competence self-assessment survey (1=strongly disagree, 4=strongly agree)	New measure, Baseline 2022/23 avg score: 2.2	Increase on previous year	Increase on previous year	●	Te Ara Whakamua Cultural Competency Survey 2024-2025 achieved an average score of approximately 3.1 out of 4 (indicating general agreement or confidence across all assessed cultural competency areas). The 2022-2023 survey result was 2.2 out of 4, which reflects a positive increase of 0.9.
2.2	All elected members and executive leadership team participate in the cultural competence programme or undertake other related professional development every year.	New measure	Achieved	Achieved	●	Elected members participated in the Kii Tai Cultural Training programme. In May 2025, the executive leadership participated in a tailored cultural competency wānanga, led by Pou Tikanga| Māori Cultural Development Advisor. The session utilised Mātauranga Māori narratives (Pūrākau) as a foundational framework to explore essential leadership values, interpersonal relationships, and engagement strategies. Through interactive dialogue, executives gained deeper insights into how these traditional values and practices can directly enhance iwi/hapū relationships, support staff connectivity, and align strategically with Council's Long-term Plan outcomes and ongoing commitment to tangata whenua.

COMMUNITY WELLBEING & RELATIONSHIPS						
Achieved ●●●● 4		Not Achieved ●● 2				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We provide relevant and valued information to communities enabling education, engagement, and informed decision-making						
1.1	Percentage of media releases picked up and published by media outlets.	New measure	>90%	88%	●	This is the first year of reporting on this measure, which replaced a previous measure of how many media releases we published each year. Reasons we did not achieve this measure may include the closure of multiple newspapers in our region during the last financial year and a lack of civil defence responses. This measure also enables us to look closer at what media releases we produce, ensuring we only produce them for newsworthy content.
1.2	Number of likes/followers on all social media accounts that Horizons manages.	Achieved 44,321	>44,000	45,897	●	
1.3	Percentage of engaged website sessions.[1]	New measure	>60%	55%	●	The new Horizons website, which is scheduled to launch in the upcoming financial year, should see the number and percentage of engaged website sessions grow if we achieve our goal of making the new website better for users and easier to navigate.
2. We provide the opportunity for participation in the Enviroschools programme to all primary and secondary schools and early childhood centres in the region.						
2.1	Maintain or increase school numbers in relation to territorial authority funding available.[2]	110	>100	119	●	
3. We provide a quality experience to schools and centres who engage with our Environmental Education team						

3.1	Satisfaction rating via post-session surveys.[3]	New measure	>90%	1	●	
4. We provide varied opportunities for our communities to engage with staff on Council business at events throughout the region						
4.1	Horizons attendance at, and/or creation of, community events in the seven districts in the region.	New measure	>7	11	●	Events were attended across all Horizons constituencies.

[1] "Engaged sessions" last longer than 10 seconds, or client clicks through to a document/form, or results in 2 or more screen or page views.
[2] The number of schools Horizons is about to register is dependent on co-funding contributions by the Territorial Authorities in the region.
[3] Satisfied means 4-5 out of a scale of 1-5.

FUNDING IMPACT STATEMENT FOR THE PARTNERSHIP, GOVERNANCE AND LEADERSHIP GROUP OF ACTIVITIES TO 30 JUNE 2025 ($000)

	LTP 2024-34 2024-25	Actual 2024-25	LTP 2021-31 2023-24	Actual 2023-24
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	5,745	5,745	5,200	5,443
Targeted rates	353	353	334	316
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	305	195	280	277
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**6,403**	**6,293**	**5,814**	**6,036**
Applications of operating funding				
Payments to staff and suppliers	2,150	2,024	2,332	2,235
Finance costs	-	-	-	-
Internal charges and overheads applied	4,082	4,314	3,603	4,077
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**6,232**	**6,338**	**5,935**	**6,312**
Surplus (deficit) of operating funding (A-B)	**171**	**(45)**	**(121)**	**(276)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**-**	**-**	**-**	**-**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	175	35	64	3
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(4)	(80)	(185)	(279)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**171**	**(45)**	**(121)**	**(276)**
Surplus (deficit) of capital funding (C-D)	**(171)**	**45**	**121**	**276**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Te rautaki, pūtaiao me ngā waeture
Strategy, science and regulation

Te rautaki, pūtaiao me ngā waeture
Strategy, science and regulation

This group of activities is made up of the following activities:

- Policy, Strategy & Climate Resilience
- Science & Environmental Reporting
- Regulatory Management

What we do

The Strategy, Science and Regulation Group delivers our statutory resource management planning, compliance, monitoring and reporting functions. We also provide corporate plans (e.g. Long-term Plan, Climate Action Strategy).

In addition, this group provides sound science, policy and regulatory advice, support and information to our communities and the wider organisation. We monitor changes in the region's resources and environment, develop and inform regulatory and non-regulatory responses to environmental issues, and measure the effectiveness of these responses.

Contribution to Council's community outcomes

The Strategy, Science and Regulation Group contributes to all six of Council's community outcomes:

Our region's communities are vibrant and empowered

- We invite formal and informal community involvement to help shape our planning documents and provide advice, support and information to the community.
- We ensure the region's interests are represented in central government's policy development.

Our region's ecosystems are healthy

- We regulate and monitor actions that affect the environment to ensure sustainable management and to ensure community and environmental values are upheld.
- We inform good decision-making by monitoring the state and trends of our ecosystems and making the information available to the public.
- We develop strategies and regulations to protect and enhance our ecosystems.

Our region's communities are resilient to the impact of natural hazards and climate change

- Our statutory resource management planning, compliance, monitoring and reporting functions support community resilience, and we prepare and implement plans relating to resource management and climate change.

Our region has effective transport networks

- We prepare Council's Long-term Plan and are involved in consenting and regional planning processes. We are also involved in ensuring well-functioning urban environments by implementing the National Policy Statement on Urban Development 2020.
- We support efforts within the Transport activity to develop and maintain a resilient, low-emission regional transport system.

Our region's economy is thriving and environmentally stable

- Our resource management planning enables economic activity where appropriate while ensuring that our environment will be left healthy for future generations.

Our region's relationship with iwi and hapū are respectful and mana-enhancing

- We encourage iwi and hapū involvement in strategic planning and policy development, supporting the incorporation of mātauranga Māori and involvement in resource management processes.

What we did this year

Policy, Strategy & Climate Resilience

Policy and Strategy

Resource management reform has dominated the policy landscape over the past year. The current government has signalled a new national direction for the resource management system, including amendments to existing national direction, the development of new national policy statements, and the development of new legislation — specifically, a proposed Natural Environment Act and a Planning Act. These changes are intended to replace the reforms introduced by the previous government and have created significant uncertainty for Council's policy work programme.

The National Policy Statement for Freshwater Management 2020 (NPS-FM), as part of the government's *Essential Freshwater* package, aims to restore the health of waterways and ecosystems within a generation. Council has continued to work towards implementing the NPS-FM. However, the national policy reform programme has introduced uncertainty, which has slowed progress and led to the pausing of some implementation activities. Planned community engagement as well as economic and social impact assessments were deferred. Despite this, engagement with tangata whenua has continued through a series of regional hui focussed on Māori freshwater values. The notification date for the relevant plan change remains uncertain due to the government's evolving resource management reform programme.

The National Policy Statement on Urban Development 2020 (NPS-UD) sets out objectives and policies to ensure sufficient development capacity for housing and business land, and to support the development of well-functioning urban environments. Its goal is to improve the responsiveness and competitiveness of land and development markets. Council's related plan change was appealed to the Environment Court, but all appeals were resolved through mediation. The plan change became operative on 16 May 2025.

The National Policy Statement for Highly Productive Land 2022 (NPS-HPL) is intended to protect New Zealand's most productive land from inappropriate subdivision, use, and development, thereby ensuring its ongoing availability for food and fibre production. However, the Government has signalled changes to the NPS-HPL, including the potential removal of Land Use Capability (LUC) Class 3 from the definition of highly productive land. This has delayed progress on Council's LUC mapping project. Nevertheless, a framework to derive the LUC class from existing information sources is being developed in the meantime.

As part of the One Plan review, evaluations of its efficiency and effectiveness under Section 35 of the RMA were undertaken. This included desktop analysis and engagement with iwi and hapū across the region to assess the performance of Chapter 2 – *Te Ao Māori* provisions.

The Environment Court's decision on appeals to Plan Change 2 is still pending. This plan change seeks to improve the workability of One Plan

provisions that manage existing intensive land uses—such as dairy farming, commercial vegetable growing, cropping, and intensive sheep and beef farming—in targeted water management sub-zones.

Climate action

Horizons has worked to enable community climate change awareness and response. Seven projects were funded through the Community Climate Response Fund, along with seven climate change wānanga. Horizons actively supported adaptation planning at Scott's Ferry and Tangimoana, providing a geo-spatial tool for these communities to assist in understanding climate-related risk and inform adaptation planning. Horizons has a representative on the Tangimoana Resilience Committee who are developing Tangimoana's adaptation plan. Horizons is also assisting development of an emissions reduction resource kete for Māori and has funded two initiatives that raise awareness and promote climate action for Rangatahi across the region.

Science & Environmental Reporting

The science team have undertaken a range of ongoing monitoring and research project over the financial year. The team have continued either undertaking, or working with other teams to undertake ongoing State of the Environment (SoE) monitoring programmes. In the freshwater space, monitoring programmes for contact recreation (swim spot), surface allocation, water quality, groundwater and bio-monitoring were completed, with 95% of contact recreation samples being collected as planned, and all data required was successfully reported to Land Air Water Aotearoa (LAWA).

In the lakes space, on-going SoE monitoring continued, as did contracted lakes field work (Lakes 380/Our Lakes Our Future) that built on the previous year's reports and modelling work around water quality.

Additional freshwater work to support implementation of the National Policy Statement for Freshwater Management (NPS-FM) 2020 was undertaken, including:

- An update of the default minimum flow and core allocation limits in rivers and streams;
- Calculation of naturalised flow statistics in the Manawatū and Rangitīkei Rivers;
- An update to previous water quality models to incorporate lakes, estuaries and their associated Target Attribute States;
- Application of previously developed water quality models to determine outcomes of a range of potential contamination mitigation actions;
- A regional threat classification of freshwater fishes; and
- Development (including external peer review) of water quality targets for estuaries in the Horizons region.

Environmental Reporting

On 24 June 2025, Horizons' Science and Communications teams published Te Oranga o te Taiao – State of the Environment | Horizons Region 2025. This synthesis report provides an overview of the state and trends of the region's environment, as required every five years under Section 35 of the Resource Management Act 1991. The document synthesises monitoring data, research, and technical work completed since 2019, highlighting community actions, environmental issues, and gaps in the organisation's environmental knowledge, including mātauranga Māori. There are three primary chapters, focusing on Air, Land, and Water, as well as a comprehensive case study on Cyclone Gabrielle and its impact on the region, including both the environment and people. The report supports

decision-making, policy development, accountability, and public education, and references 70 sources for further reading.

The Air chapter identified likely improving trends in the key measurement in our two gazetted airsheds, though there is growing evidence that air pollution can have significant impacts on human health. Agriculture and transport sectors were the largest emitters in the region. The Land chapter identified 45 of 71 land-based ecosystem types are classified as Critically Endangered; deer populations in the region are rapidly growing and threaten natural forest regeneration; and carbon farming in the region is causing some detrimental environmental and social outcomes. The Water chapter identifies that generally there is more work to do in the region, though some measures (such as ammoniacal nitrogen) are improving; the region's water allocation has decreased for the first time since 1997; and 9 species of native fish have been classified as Regionally Threatened.

Public education campaigns focussed on air quality across multiple media platforms, encouraging the public to avoid burning of waste by appropriate disposal, and using good wood in fireplaces to encourage clean burning practices. Additionally, a social media campaign "Under the Microscope" was undertaken, sharing photos of what can be seen in water samples when seen through a microscope, as a focus on water quality.

Biodiversity

Development of a wetland mapping project was undertaken through the 2024/2025 year, with a mapping programme workshopped through Council, and ultimately presented to Council on 27 May. This was in response to the need to map Natural Inland Wetlands identified in the NPS-FM 2020.

Additionally, a Coastal and River shorebirds survey was undertaken, funded by HRC and Birds New Zealand. It included the first complete survey of the Manawatū-Whanganui coastline (approximately 160 km) and the most complete survey of rivers in the region, with 485 km of rivers in the Manawatū River (and its major tributaries), Rangitīkei River, and Ōhau River either walked or kayaked. It had a number of significant findings, that will help shape the ways in which HRC will manage our coastal and river habitats required by these species.

Air, Land and Fluvial

Works continued in the Air, Land and Fluvial research spaces, including delivery of a monitoring plan outlining options for staged monitoring of towns outside of Taumaranui and Taihape (our two currently monitored airsheds); comprehensive soil mapping of the upper Manawatū catchment; and updating of onsite wastewater manuals.

Regulatory Management

Staff continued to focus monitoring activity on the resource consents that have the potential to have the greatest environmental risk. A total of 2573 consents were assessed during the year, of which 75 percent were fully compliant with their conditions. Eleven (11) percent of assessed consents received Low Risk Non-Compliance grading, ten percent received Medium Risk, and four percent received Significant Risk Non-Compliance grading. Consent holders are generally aware of potential consequences of non-compliance and are proactive in notifying Horizons of problems, along with their actions to remedy or mitigate potential effects on the environment. Information continues to be provided to consent holders, and staff are available to undertake additional inspections when requested. Additionally, staff continue to take appropriate enforcement action in the event non-compliance is identified. This has resulted in 16

Formal Warnings; 80 Infringement Notices; and 76 Abatement Notices being issued and five prosecutions being initiated.

The year has also seen Horizons continue to either process or receive a significant number of complex and high-profile consent applications, including those associated with wastewater treatment plant renewals and wind farm proposals. In addition to this, Council has also had input into those applications which have either sought to be considered and have been accepted to be processed via the new Fast Track Consenting legislation. Approximately 360 resource consent applications were lodged, with 230 applications being granted and 409 activities being authorised. Seventy-five (75%) percent of the applications granted were processed within statutory timeframes.

The reporting year saw 904 incidents received and responded to. This is a slight increase from the 2023/2024 year, which says 875 incidents were received. Two hundred and eighty-six (286) HAIL requests were received and responded to. Most requests related to purchasers undertaking due diligence as part of a sale and purchase process.

In addition to the above, staff have continued to be involved in the continued implementation of the IRIS Regulatory project, the implementation of national regulations such as the National Environmental Standard - Freshwater, and proposals for Resource Management Act reform.

A number of performance measures were not met this year for a number of reasons, including:

- Ongoing staff vacancies, particularly senior positions;
- Increased staff time being spent in other areas of the business (such as incident response and provision of advice) that has resulted in less programmed compliance work being undertaken;
- Staff time being re-directed to support the on-going implementation of both the IRIS Classic and IRIS Next Gen, Implementation of the Council-wide Kaka project; implementation of national regulations, Plan Change 2 and advice on Resource Management reform.

Te Ahu a Turanga

The opening of the new Te Ahu a Turanga – Manawatū Tararua Highway this year marked the completion of one of the largest infrastructure projects our regulatory team has ever overseen. A highlight of the project was the strong collaborative relationships developed between iwi, hapū and the wider alliance, which underpinned the success of the project, including our work to ensure environmental compliance.

The five-year project involved close oversight from our team, who monitored 43 resource consents, 16 management plans, and 50 site-specific plans across the 12 kilometres of new road — more than 1,000 consent conditions in total. Three full-time staff were dedicated solely to this work, carrying out weekly site inspections and reports.

The project's physical environment presented significant challenges: high rainfall, steep slopes, erosion-prone soils, sites of cultural significance, and a wide designation corridor crossing a major windfarm. Addressing these required more than technical oversight. The collaborative model ensured decisions were informed by both mātauranga Māori and the legal framework of the Resource Management Act (RMA).

During this collaboration, our team discovered that our goals aligned with our iwi partners' goals and the wider alliance, and this helped the project to meet its environmental compliance obligations. The team created some strong working relationships with iwi and hapū and was able to overcome most challenges by blending mātauranga Māori with the legal framework of the RMA. An approach which was valued on all sides.

With goals and desired outcomes already largely aligned, the team, iwi, hapū and the wider alliance worked closely together, sharing knowledge to respond quickly to challenges, maintain momentum, and protect both environmental and cultural values. Strong relationships were built along the way, with challenges often overcome, guided by both mātauranga Māori and the legal framework of the RMA — an approach that was respected and valued by all partners.

Across the five years of the project, a 97–98% compliance rate was achieved — an unprecedented result for work of this scale and complexity. This outcome highlights the vital role regional councils play in regulatory oversight and shows the power of a partnership-based approach to environmental management.

He hono tangata e kore e motu; ka pa he taura waka e motu - unlike a canoe rope, a human bond cannot be severed.

PERFORMANCE TARGETS

POLICY, STRATEGY AND CLIMATE RESILIENCE						
Achieved ●● 2		Not Achieved ●● 2				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We will implement resource management policy and plan reviews in a timely manner						
1.1	Resource management policy and plan reviews meet legislative, nationally directed, or Council imposed deadlines. Including, but not limited to: • Freshwater (NPS-FM) • Highly Productive Land (NPS-HPL) • Pest Management (Regional Pest Management Plan) • Climate Adaptation	Achieved	Meets legislative deadline or by Council decision	Not Achieved	●	Central government's programme of reform to national policy direction has meant that work on implementing national policy has paused or progressed slower than planned. The Government has stopped the notification of plan changes.
2. Opportunities for involvement in decision-making processes will be provided in accordance with legislative and policy expectations						
2.1	Community input into policy reviews is sought in a way that aligns with Council's Significance and Engagement Policy.	New measure	Meets policy guidance	Achieved	●	Significance and engagement assessments are undertaken via Council reporting processes.
3. We support communities to adapt to a changing climate						
3.1	Responses to Community-led Adaptation Plans are timely and consistent.	New measure	Formal response to the proposals in the plan within 12 months.	Not applicable	●	None were received.

3.2	Community, iwi, hapū-led adaptation planning is supported with seed funding.	New measure	Fund criteria and application decision-making process developed by 30 June 2025	Not achieved	●	Although funding was provided for climate wānanga that have included adaptation planning, seed funding criteria were not finalised.
3.3	Community climate action projects are supported through the Pūtea Hapori Urupare Āhaurangi- Community Climate Response Fund.	New measure	>80% of available funds are allocated	Achieved	●	96% of the $55,000 budget was allocated for projects.

SCIENCE AND ENVIRONMENTAL REPORTING						
Achieved ●●●●●● 6		Not Achieved 0				Not Applicable ● 1
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. Our community has easy access to State of Environment monitoring data collected by HRC						
1.1	Up-to-date SoE monitoring data is available for download on the LAWA site.	Achieved	Achieve	Achieved	●	Data to the end of June 2023 for surface water quality, lakes, contact recreation, and macroinvertebrates was prepared and supplied to LAWA for the 2024 update in September 2024.
1.2	Provide an annual summary report on the State of Environment.	Achieved	Achieve	Achieved	●	The Horizons' State of Environment Report Te Oranga o te Taiao, was delivered to council and released on 24 June 2025: on website under State of Environment report

2. Identified summer swim-spot sites are monitored for recreation water quality weekly, and data is made available to the public via LAWA						
2.1	Percentage of swim-spot samples that are monitored and displayed on LAWA.	New measure	95%	Achieved	●	There were some sites unable to be monitored late in the contact recreation season, particularly on the east coast of the region, due to a risk to staff safety identified with site access. Nonetheless 95% of sites were sampled and displayed.
3. Natural inland wetlands in the region are mapped						
3.1	A program is developed to map inland wetlands across the region.	New measure	Achieve	Achieved	●	The Inland Wetland Mapping Plan was workshopped with Council on 30 April 2025; it was then presented to Council on 27 May 2025: (link on website). The plan outlines a 10-year plan to map wetlands across the region. Mapping will prioritise areas most at risk of further wetland loss.
3.2	Completion of key activities identified in the program plan developed to map inland wetlands across the region.	New measure	N/A	N/A	●	As per LTP, no reporting in year 1. First measurement required next financial year.
4. Undertake environmental public education campaigns						

4.1	Number of campaigns completed per year.	Achieved	2	3	●	Air quality campaigns were run between December 2024 and April 2025, and again between May and August 2025, across a wide range of social media platforms on avoiding outdoor burning of waste, and using good wood in fireplaces respectively. Additionally, an "under The Microscope" campaign was run over April 2025 via social media, educating communities on water quality by sharing microscope samples of what was found in water samples.
5. Our community has access to the Science and Research work we do						
5.1	Report to Council on the previous year's science work programme.	Achieved	Achieve	Achieved	●	The Science Progress Report 2023-2024, an overview of the science team's activities from the previous year's science work programme was written and delivered to Council on 10 September 2024. (link on website) It covers the delivery of: Monitoring 174 river and stream sites, 17 lakes, 6 estuaries, 4 coastal sites, and 35 bores, 81 contact recreation (swim-spot) sites, 63 periphyton sites, 22 fish sites, 106 macroinvertebrate sites, and a raft of other environmental monitoring.

REGULATORY MANAGEMENT						
Achieved ●●●●● 5		Not Achieved ●● 2				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We are a reliable and effective regulator						
1.1	Percentage of consents processed within Resource Management Act (RMA) timeframes.[1]	Not Achieved 79%	85%	66%	●	405 Consents granted 268 within RMA timelines.

1.2	Percentage of Rural and Primary resource consents and permitted activities monitored using a risk-based approach.[5]	Not achieved 81%	90%	95%	●	This is made up of different methods of monitoring. The below activities were all inspected in person by Council staff, and a formal report undertaken and provided to the consent holder/owner detailing compliance or non-compliance with the consent. • 92% of 300 Intensive Farming Land Use consented Dairy sites, • 77% of 13 Consented forestry sites, • 88% of 42 Permitted Activity Forestry sites and • 24% of 34 Other Agriculture For those identified as non-compliant, further actions were undertaken, which could be in further intensive monitoring or enforcement actions. This measure also included N-Cap reporting, which is required to be provided by 31 July 2024, for the period 1 July 2023 to 30 June 2024. As at 30 June 2025, there were still 236 sites outstanding in the requirement to report N Cap levels, with this assessed as a low-risk activity; no further action on these sites is planned. From a monitoring perspective 100% of 779 sites either submitted or were contacted by the Council to provide this information, and a further follow-up was requested for those sites that had failed to supply this in September 2024.

1.3	Percentage of resource consents and permitted activities related to Category 1 and Category 2 (high priority) sites[2].	Not achieved 76%	100%	84%	●	Out of a total 55 Cat 1 and 2 sites, 46 were assessed during the year, 6 sites had assessments completed post-year-end, and 3 remained in draft stage.
1.4	Appropriate enforcement action is taken in relation to all instances of significant or serious non-compliance.	100%	100%	100%	●	16 Formal Warnings, 115 Abatement Notices, and 80 infringement notices issued in the year.
1.5	All notifications of non-compliance from the public are responded to.[3]	100%	100%	100%	●	The team responded to 903 complaints, of which 436 were physically Attended.
1.6	The webpage providing guidance for consent applicants around engaging with iwi/hapū is maintained.	New measure	Achieved	Achieved	●	Page on website developed this financial year.
1.7	Percentage of HAIL2[4] enquiries that are responded to within 10 working days of receipt.	Not achieved 88%	100%	100%	●	291 requests received and all responded to within 10 working days.

[1] Consideration of national averages as reported by the Ministry for the Environment will be taken into account when measuring success against this measure.

[2] Identified in each territorial authority's Infrastructure and Industry Annual Monitoring Programme.

[3] Options for response include: desktop response; immediate site inspection; planned site inspection; phone call only; referred to external contractor; subject to investigation; and referred to other agency (i.e. relevant territorial authority, Civil Aviation Authority, etc.)

[4] Hazardous Activities and Industries List

[5] N-Cap reporting is performed by self-disclosure by relevant consent holders, which is submitted through a user portal hosted by Environment Canterbury. Council considers monitoring in the case of N-Cap reporting to be the submission of N-Cap reporting by the consent holder within the timeframe above. Otherwise, for those who had failed to supply this within the timeframes, further follow-up by letter is counted as monitoring by Council.

FUNDING IMPACT STATEMENT FOR THE STRATEGY, SCIENCE AND REGULATION GROUP OF ACTIVITIES TO 30 JUNE 2025 ($000)

	LTP 2024-34 2024-25	Actual 2024-25	LTP 2021-31 2023-24	Actual 2023-24
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	13,243	13,243	11,683	11,453
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	111	-	13
Fees and charges	7,232	5,056	6,399	5,359
Internal charges and overheads recovered	703	197	437	73
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**21,178**	**18,607**	**18,519**	**16,898**
Applications of operating funding				
Payments to staff and suppliers	7,373	6,184	8,869	6,941
Finance costs	-	-	-	-
Internal charges and overheads applied	14,942	13,916	12,819	13,476
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**22,315**	**20,100**	**21,688**	**20,417**
Surplus (deficit) of operating funding (A-B)	**(1,137)**	**(1,493)**	**(3,169)**	**(3,519)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(39)	(55)	3,032	1,905
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**(39)**	**(55)**	**3,032**	**1,905**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	70	12	75	40
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(1,246)	(1,560)	(212)	(1,654)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**(1,176)**	**(1,548)**	**(137)**	**(1,614)**
Surplus (deficit) of capital funding (C-D)	**1,137**	**1,493**	**3,169**	**3,519**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Ngā mahi ā-riu
Catchment operations

Ngā mahi ā-riu
Catchment operations

This group of activities is made up of the following activities:

- Biodiversity and Biosecurity
- Freshwater and Partnerships
- River Management and Flood Protection
- Land Management

What we do

The Catchment Operations Group promotes the health and resilience of the region's land and water ecosystems. It works to ensure an integrated approach to land and river management. This includes biosecurity management for animal and plant pests.

Contribution to Council's community outcomes

The Catchment Operations Group primarily contributes to the following community outcomes:

Our region's communities are vibrant and empowered

- Our team provides a range of support and advice to empower landowners and community groups across all parts of the Catchment Operations Group.

Our region's ecosystems are healthy

- We work with and support landowners and the community on initiatives to protect and restore ecosystems. This includes freshwater initiatives such as stream fencing, riparian planting, and fish passage improvements, protection of priority habitats, contestable funds for community-led works, and contributions to managing Icon Biodiversity Sites and priority habitats. The programme also manages pest animals and plants and provides grants and advice to enable erosion protection on hill country and river berms.

Our region's communities are resilient to the impact of natural hazards and climate change

- We provide flood and erosion protection and flood response and recovery activity.
- We provide information and advice about flood risk to support informed decisions.
- We undertake biodiversity projects to encourage resilience to rising sea levels, help reduce erosion, sequester carbon and improve air quality.
- We work to reduce sediment in our rivers which will improve the flood-carrying capacity of our rivers, and enhance the life of our scheme assets.
- We help to protect critical infrastructure.

Our region has effective transport networks

- Our flood protection and drainage activities have a direct impact on other critical infrastructure, including transport links.

Our region's economy is thriving and environmentally sustainable

- We support farmers and growers to reduce soil erosion, ensuring our region will maintain its productive soil resource.
- Our work benefits the region's economic activity derived from flood protection, river control and land drainage activities.
- Our pest control programmes help protect the region from the economic drain of agricultural disease, improve agricultural production, and assist with management of weed invasion.
- The work we do at Icon Sites and Totara Reserve Regional Park enhances these natural environments and supports recreational activity and ecotourism.

What we did this year

Biodiversity and Biosecurity

Biodiversity

All five biodiversity Long-term Plan targets were met this year.

Staff work to empower communities to reconnect with and improve biodiversity and work with landowners to protect the region's most rare and threatened ecosystem types.

Thirty-five private individuals, organisations and community groups were supported and enabled to improve and protect biodiversity through the Horizons Kanorau Koiora Taketake indigenous biodiversity contestable fund.

We supported two targeted rate-funded projects; Rangitīkei Environment Group, tackling old man's beard across the Rangitīkei's Forest and Bird reserves, and in urban areas, along with the Waitārere Beach dune restoration project where weed control and community planting took place.

The biodiversity team supported other biodiversity initiatives across the region, including:

- Holding webinars to introduce a Management Plan template and its accompanying guide for community groups.
- Distributing issues of the 'Connecting Conservation' newsletter to over 100 community groups and individuals. The newsletters share biodiversity stories, volunteer events and funding opportunities to help inspire, inform and connect people and groups across the region who are passionate about biodiversity improvement.

Horizons supports other community and large area multi-agency biodiversity initiatives through its ICON projects programme. All work programmes this year were 100% complete. Highlights include:

- Manawatū Estuary management team, completing the development of a management plan for the estuary and RAMSAR site.
- Te Āpiti pest control delivering very good results, and work started on a new track entrance and upgrade to the popular Tawa Loop, along with a new Western Gateway car park with the opening of Te Ahu a Turanga highway and shared pathway.
- Kia Whārite biodiversity project maintaining 57 pairs of whio across the project area, adding another contractor for trapping services, with strong Department of Conservation support for goat, aerial possum control and whio protection.

- The Pūkaha Mt Bruce buffer receiving monthly trap checks and an increase in Horizons' financial support to enable continuation of biodiversity protection.
- Tarapuruhi Bushy Park receiving an increase in financial support, which was used for outside the fence halo trapping over 800ha, consumables when dealing with a rat incursion post a storm event, and the purchase of gear for weed control.
- Ruahine Kiwi establishing a governance group, working on draft Terms of Reference and a thorough investigation defining four areas to concentrate control over to prepare for potential kiwi release. These are supported by surrounding 'halo' protection areas.

Priority Habitats

There are 96 sites in the priority habitats programme being actively managed. These sites contain representative remnants of 29 of the 30 most threatened and rare ecosystem types that the regional council are focussing their programme on. Work this year included:

- 142 planned works completed across 92% of the sites.
- Tasks included pest plant and animal control at most sites, plus monitoring, planting (7 sites) and fencing (8 sites).
- The biodiversity team completed a range of monitoring, including rapid ecological assessments. Sixteen sites were monitored as part of five-yearly return period.
- Three new significant sites had Rapid Ecological Assessments carried out. These were wetlands and wetland forests in the Horowhenua District. Two of the three were accepted pending landowner consent as they were sites of significantly rare and threatened ecological value.

Tōtara Reserve

Management of Horizons' Regional Park at Tōtara Reserve involves looking after forest health, campground management, walking track maintenance and community engagement with the park and its unique qualities. Major achievements this year include:

- The Tōtara Reserve Management Plan was reviewed, and a new plan produced this year.
- Construction of two entrance whares to walking tracks.
- Installation of a further drinking water treatment plant component to address the risk of cyanotoxins.
- The number of campers returning following Cyclone Gabrielle and the rebuild of most of the camping facilities.
- Confirming the presence of a strong native snail population, indicating the pest control programme is working well.
- Ongoing weed control to make inroads into entrenched populations of smothering transformer weed species.
- The TRIBE volunteer day initiative was begun to build a community of volunteers able to support the mahi taking place in the reserve and build engagement with it.

Biosecurity Animals

All four applicable Long-term Plan targets were met by the Animal pest team this year.

The possum control operations (PCO) programme showed average residual trap catch index of 1.9%, achieving the goal of being below 10%. Work was conducted over 872,000 ha with 113,375 bait station services completed. Thirty-six of the programme's 153 PCOs were monitored as per the target, with PCO results ranging from 0.1 to 9.6% RTC.

The rook control programme to eradicate all rooks from the region treated all known rookeries this financial year with two aerial operations followed by two ground baiting exercises. Active rookeries are showing a declining trend, down to 43, from 55 last year.

Horizons provides a pest animal advisory service for ratepayers. Staff provide advice and, in some cases loan traps and supply bait to enable landowners to undertake their own control. Highlights include:

- Responding to 593 enquiries.
- The highest number of calls received were about possums (233), followed by rabbits (99) and mustelids (61).
- All landowners making enquiries were contacted within the target time frames.

The animal pest team supports three community ICON sites and undertakes trapping to support fauna protection at some of our priority habitat sites as well. This year, they:

- Carried out 5,937 trap checks at selected priority habitat and icon sites; and
- Secured a total of 966 pest animal kills as recorded across 10 sites.

Biosecurity Pest Plants

Two of the three applicable Long-term Plan targets for pest plant management were met.

A key measure is the percentage of Horizons-managed sites at zero-levels—where pests are eliminated but may reappear due to seed sources. The Long-term Plan target is to achieve an increase in the proportion of managed sites at zero-levels across both the Eradication and Progressive Containment programmes. The baseline target was 79%, but the result was 74%.

This shortfall was largely due to success in surveillance and awareness efforts, which identified 213 new sites. While this impacted the target percentage, it is considered a positive outcome—newly found sites are typically brought to zero-levels quickly once under active management.

- Total active sites managed: 4,211
- Total area of infestation: 7.38 hectares (up 2 ha from last year)
- Main driver of increase: Woolly nightshade, following a targeted publicity campaign and proactive surveillance by staff.

Old man's beard remains the largest pest plant programme:

- 1,284 active sites across the active management zone.
- Control runs January–May using both contractors and staff.
- Working at a landscape scale with multiple agencies allows for efficient and broad control outcomes. Significant work continues through a jointly managed project with the Department of Conservation, protecting the Ruahine Forest Park. In its second year:
    - 1,095 sites were treated aerially; and
    - 3,881 plants controlled on the ground.

Other Pest Plant Management Activities included:

- Managing the regulatory requirements of the Regional Pest Management Plan. Twenty-one boundary/good neighbour complaints were received and 20 resolved without notices of direction. One notice of direction was issued.
- Surveillance and engagement. This included:
    - Velvetleaf monitoring and farmer engagement in infected zones.
    - Ongoing sea spurge monitoring and surveillance.
- Freshwater advocacy (Check Clean Dry) and surveillance for gold clam. Includes developing a local response plan in the Whanganui River catchment with iwi/hapū and a number of local stakeholders.

Biological Control

Biocontrol continues to support sustainable pest suppression. Activity included:

- Three new populations of old man's beard sawfly released in areas unsuitable for traditional control methods.
- A final release of field horsetail weevil as the program with Manaaki Whenua Landcare has ended.
- Distributing broom gall mite to farms where requested and efforts to establish a population in the central plateau.
- Preparing for introduction of up to four insects in Horowhenua to control purple loosestrife.
- Ongoing monitoring and releases of acacia longifolia (Sydney Golden Wattle) gall wasps as part of a national initiative.

Freshwater and Partnerships

All ten of the Long-term Plan targets for the Freshwater and Partnerships Management Activity were met in the 2024-25 year.

This year saw the completion of two of the Jobs for Nature projects (Regional Stream Fencing and Riparian Planting, Enhancing Fish Populations through Fish Passage Remediation), an extension to the Horowhenua Freshwater Management Unit (FMU) Water Quality Interventions project, and completion of the Nature Based Solutions project for the Ōroua and Pohangina catchments. These programmes have received co-funding through central government (administered through the Ministry for the Environment), landowners and rates.

The year saw the completion of the third full weed harvesting operation on Punahau/Lake Horowhenua. This was a partnership project delivered with the Lake Horowhenua Trust and Muaūpoko Tribal Authority (MTA). In total, 405 tonnes of macrophytes (lake weed) were harvested and removed from Lake Horowhenua.

Some key highlights include:

- 30.2 kilometres of stream fencing, 107,219 riparian plants planted, remediation of 18 barriers to fish passage, and the completion of 7 community projects in the Manawatū catchment.
- 18.03 kilometres of stream fencing, 99,548 riparian plants planted, remediation of 72 barriers to fish passage, and the completion of 7 community projects within the Regional Freshwater programme.
- Two Manawatū Accord meetings were held.
- Monitoring of fish and kakahi populations at 56 sites; and
- Granting of the Fast Track consent application to enable the construction of the Arawhata wetland complex.

River Management and Flood Protection

Eighteen of the 20 applicable Long-term Plan targets for the River Management and Flood Protection were met in the 2024-25 year.

The 2024-25 year was the first year the new maintenance-based programme was undertaken as part of implementing the new Infrastructure Strategy.

The programme defined and allocated budgets for maintenance and repairs with 114% of the maintenance budget and 57% of the repairs budget spent on works identified through the year.

Some key works identified and completed include:

- 2,149 kilometres of drain maintenance.
- 1,268 floodgates checks and/or maintenance.
- 1,031km of stopbank maintenance.
- 139km of edge protection maintenance; and
- 460km of channel maintenance.

This year the 27 individual scheme asset management plans were replaced by a single asset management plan to align with the new Infrastructure Strategy.

Asset inspection targets requiring all high criticality assets and at least 20% of low criticality assets to be inspected were achieved. All critical assets (100%) and 33% of the low criticality assets were inspected.

This year the capital programme included a range of externally co-funded projects with central government and territorial authorities providing co-funding.

Overall, the capital spent was approximately $19.8M in 2024-25, being approximately 116% of the Annual Plan budget, noting Council provided further budget approvals during the year, including carry forwards and new budget approvals.

The 2024-25 year was the final year for a range of central government co-funded projects, including the four climate resilience projects (Foxton, Lower Manawatū, Palmerston North and Rangitīkei) and cyclone recovery funded projects including the flood vulnerability assessment and the pump station alternative power and communications. A range of projects were delivered in the 2024-25 year, including the Moutoa Gates upgrades, sheet piling at Foxton and the Mangaone Stream gabion replacement work in Palmerston North. The flood vulnerability assessment progressed well within the short timeframes and is on-track for completion, with some additional analysis in August 2025. The pump station power supply and communications work purchased four generators, fitted plugs for generator connections at 10 pump stations and upgraded communications at 21 of the 23 pump stations.

Te Pūwaha contract variation was completed early in the 2024-25 year, adjusting the work programme and extending the timeframe for the project into 2025-26. While the Te Pūwaha project did not spend the budget for the 2024-25 work, several consents were granted and procurement was undertaken to enable the next phase of construction to get underway in June 2025. The Regional Infrastructure Fund application for further work on the Te Pūwaha project was lodged in December, with further information provided following that.

Of the 28 projects identified in the Capital Works program 19 of the projects have been completed.

Some key highlights of the works completed included:

- The upgrade of the electrics and mechanical winches at the Moutoa Sluice gates.
- Completion of the upgrade of the program for the lower section of the Koputaroa Stream Stopbanks
- Replacement of the old gabion retaining wall on the Mangaone Stream either side of the Tremaine Ave Road bridge.
- Commencement of the construction and rock supply for the Tanea Groyne; and
- Procurement of new portable generators and the upgrade of electrical connection and communications at a number of scheme pump stations.

Land Management

All four of the Long-term Plan targets for the Land Management Activity were met in the 2024-25 year.

The Sustainable Land Use Initiative continued in 2024-25 completing the second year of a four-year contract. This programme is in partnership with central government and is co-funded by the Hill Country Erosion Fund. The major contract targets were met with 15,740 hectares of new land mapping completed against a target of 15,500, and 3,513 hectares of erosion work completed against a target of 3,285 hectares. All three contract milestone reports were completed.

Horizons Regional Council received continued support from the Whanganui River Enhancement Trust with funding from the Trust targeted toward environmental works within the Whanganui catchment. This year, in addition to the agreed funding, Horizons assisted the Trust in supplying poplar and willow poles for planting, along with advice to landowners about how and where to plant. This was part of a Catchment Care Group programme.

Horizons Regional Council has forestry right forests as part of the SLUI programme. These forests are planted to decrease erosion in areas of highly erodible land. The forests are valued each year and this year, like last year, the value decreased. The decrease in value was due to a number of factors relating to market prices, continued increases in the forecast cost of harvest and the sale of two forests, reducing the overall area of the forestry rights.

Horizons continued to support industry partnerships, including through its lead role with the Ballance Farm Environment Awards and its partnership with the Poplar and Willow Research Trust.

Some key highlights include:

- 15,653 ha of new land mapping under the SLUI programme (Long-term Plan Target 10,000 ha). The bulk of this is new format Erosion and Sediment Control Plans.
- 3,513 ha of new work completed with SLUI grant support (Long-term Plan 3,285 ha).
- 54 km of fencing.
- Nearly 1.5 million trees planted, including over 24,700 space-planted poles.
- Another 3,973 poles planted through other grant projects.
- Successful delivery of the SLUI contract.
- Successful delivery of the Whanganui River Enhancement Trust-approved funding.
- Continued partnerships with NZ Farm Environment Trust and Poplar and Willow Research Trust.
- Over 33,000 poplar and willow poles distributed through our work programmes.
- Woodville pole nursery irrigation scheme contract let.
- Management of Forestry Right forests, including sales.

- Inspections and advice provided to landowners.

Moutoa Upgrades

2024-25 was another significant year for river management works in the region. Several key infrastructure projects were realised across the region, which saw upgrades to existing assets and construction of new infrastructure in some areas. This work is vital to ensuring our region's communities are prepared for and resilient to the impacts of natural hazards and climate change, especially as we continue to see an increase in the frequency and severity of weather events around the country.

One of the most complex of these projects was upgrading the Moutoa Floodgates, our largest river management infrastructure asset in the region. Located between Shannon and Foxton on the Manawatū River, the gates provide flood resilience to approximately 280 km^2 of land in the Horowhenua District. When operated at full capacity, with all nine gates opened completely, they redirect approximately 2,500 cubic metres of floodwater per second down a 10 km-long spillway. This spillway acts as a shortcut to the sea, funnelling floodwater away from a 30 km winding and flood-prone stretch of the river, ending at Whirokino near Piriharakeke Manawatū River Loop.

After operating with minimal upgrades since their construction more than 60 years ago, regular maintenance checks of the gates revealed the need to modernise them to ensure they would remain effective for decades to come. Three key areas were identified as requiring upgrades to achieve this: electrical supply, electrical system, and mechanical.

Aged overhead lines with poles on many of the gates made access for maintenance a challenge and posed a safety risk. These lines were replaced with two larger H-structure poles either side of the spillway, allowing easier access to the gate piers and power lines for maintenance. The electrical system, which includes the gate controls, was also upgraded. The backup power generator had an automatic switchover system installed, so the gates remain operational in the case of mains power failure.

The original 1962 mechanical components were also replaced as they had surpassed their intended design life. A new suite of winch sets, drums and motors was installed in each of the nine gates, with a design life of 50 years. Replacement of these components was completed in stages, with up to three gates out of action at one time, dependent on the weather. Flood modelling was also done to assess potential impacts of reduced gate capacity should a flooding event occur during works. Weather during the construction period was ideal, and work was able to go ahead without interruption, with the final gate recommissioned in June 2025.

The construction contract was awarded by Council to SEIPP Construction in August 2024. 75 percent of the contract total came from the $26.9 million Horizons received from Kānoa, central government's Regional Economic Development & Investment Unit, in 2020, for projects addressing community resilience to climate change. The remaining funding for the contract came from a mix of targeted and general rates from Horowhenua properties.

PERFORMANCE TARGETS

BIODIVERSITY AND BIOSECURITY						
Achieved ●●●●●●●●●●● 11		Not Achieved ● 1				Not Applicable ●● 2
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
BIODIVERSITY						
1.	Protection of priority representative sites of the region's biodiversity					
1.1	At least one representative site of each of the 30[1] known and priority ecosystem types in the region is found and protected in the priority habitats active management programme.	Achieved	90%	96%	●	
1.2	The number of sites in the priority habitats programme is sustained or increased.	New measure	>80	96	●	Added two more, lost one.
2.	We support biodiversity protection and improvement projects at identified biodiversity icon sites and specified targeted rate projects					
2.1	Support Icon and target rate biodiversity projects.	New measure	8	8	●	
3.	We support communities to manage their own biodiversity improvement projects					
3.1	Private individuals, organisations and community groups are supported and enabled to improve and protect biodiversity across the region.	New measure	>12	35	●	Funded projects with multiple other non-funded connections with advice and support.
4.	We manage Tōtara Reserve Regional Park, including the campground					
4.1	Annual report to Council on the management of Tōtara Reserve Regional Park for biodiversity and recreational values, including managing the camping facility.	Achieved	Achieve	Achieve	●	Activity in the Tōtara Reserve Regional Park over 2024-25 is reported on Table 7. Page 15 of the May 2025 Integrated Catchment Committee report on Horizon's website. This forms the annual report to Council on the management of Tōtara Reserve Regional Park.
BIOSECURITY						
5.	Horizons will undertake targeted animal pest control and monitoring programmes across the region to reduce					

5.1	Possum densities are maintained at/below 10% residual trap-catch (on average) across the Possum Control Operations monitored annually.	Achieved	<10%	2%	●	
5.2	Monitor possum control densities within the Horizons possum control programme based on the possum control operations that make up the overall possum control area.	New measure	>20% of Possum Control Operations monitored	23%	●	
5.3	All additional hectares released from OSPRI control are included in the PCO programme.	N/A - No new hectares this year.	1	N/A	●	No new additional hectares this year.
5.4	All known rookeries are treated annually to reduce crop losses and damage.	Not Achieved	95%	100%	●	All known rookeries treated
5.5	Provide an animal pest management advisory service. All enquiries will be responded to within three working days.	100%	100%	100%	●	
BIOSECURITY						
6.	We prevent establishment of high risk pest plant species					
6.1	Response plans are enacted within their specified timeframes.	Achieved	Achieved	N/A	●	No response plans required.
7.	We effectively reduce the risk of pest plants spreading from sites Horizons manages within Regional Pest					
7.1	The overall zero-level status of Horizons managed sites increases on a yearly basis.	79%	Increase on previous year	74%	●	An extra 213 sites were found across the region, contributing to the increasing number of adult sites not at Zero-levels, particularly in Palmerston North area, where ongoing surveillance is finding and increasing the number of sites, particularly from awareness programmes.
8.	We contribute to the management of widespread pest plant species using natural methods					
8.1	Financially support the national bio-control agent development programme and report annually to Council on this programme and Horizons' other biocontrol activity.	Achieved	Achieved	Achieved	●	The Annual Report can be read on Table 16, Page 29 of the Integrated Catchment Committee Report 14 May 2025 on Horizon's website.
9.	We monitor our RPMP programmes according to the Biosecurity Act requirements					

9.1	Submit an annual monitoring report.	New measure	Achieved	Achieved	●	

[1] Explanatory note: There are 72 ecosystem types currently identified in the Horizons region (Singers and Rogers classification). Thirty-four of these are under-represented, threatened and not already found on private conservation land in the region. Four of these are ecosystem types that are impractical to manage (i.e. cliff faces and braided riverbeds) leaving 30 priority ecosystem types that should be found and protected by Horizons.

FRESHWATER AND PARTNERSHIPS						
Achieved ●●●●●●●●●● 10		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1.	Deliver freshwater enhancement work in the region					
1.1	Kilometres (km) of stream fencing completed .	N/A	15km	18km	●	
1.2	Number of riparian plants planted.	N/A	35,000	99,548	●	
1.3	Fish barriers remediated.	N/A	2	90	●	
1.4	Number of regional community projects funded.	N/A	5	6	●	
2.	Deliver freshwater enhancement work within the Manawatū Catchment					
2.1	Manawatū Accord Leaders forums are held twice per year.	New measure	2	2	●	Meetings held on 19 July 2024 and 27 March 2025.
2.2	Kilometres (km) of stream fencing completed.	N/A	15km	30km	●	In 2023-24, all funding and reporting was captured against the Regional Jobs for Nature projects. Works were completed in the Manawatū Catchment but were reported through the Regional Freshwater Programme. In 2024-25, the measures were separated out into Regional and Manawatū Catchment as reported in the Integrated Catchment Committee report. Significantly more work was able to be completed in this programme during the 2024-25 financial year due to a 12-month extension of the Regional Jobs for Nature project, resulting in more funding to enable further work to be completed.

2.3	Number of riparian plants planted.	N/A	35,000	107,219	●	In 2023-24, all funding and reporting was captured against the Regional Jobs for Nature projects. Works were completed in the Manawatū Catchment but were reported through the Regional Freshwater Programme. In 2024-25, the measures were separated out into Regional and Manawatū Catchment as reported in the Integrated Catchment Committee report. Significantly more work was able to be completed in this programme during the 2024-25 financial year due to a 12-month extension of the Regional Jobs for Nature project, resulting in more funding to enable further works to be completed.
2.4	Fish barriers remediated.	N/A	2	18	●	
2.5	Number of community projects funded.	N/A	5	7	●	
3.	Deliver freshwater enhancement work within the Horowhenua District					
3.1	Annual Report to Council on Horowhenua Freshwater restoration activity.	Achieved	Achieve	Achieved	●	https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2025-14-05/Public%20Agenda.pdf

RIVER MANAGEMENT AND FLOOD PROTECTION					
Achieved ●●●●●●●●●●●●●●●●●● 18		Not Achieved ●● 2			Not Applicable ● 1
Levels of service and performance measures	Performance Measure/Target				
	Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We will undertake maintenance within the River and Drainage schemes					

1.1	Maintenance is undertaken on scheme drains (note a drain may receive maintenance more than once per year, and each maintenance activity counts toward the target).	New measure[1]	520km	2149km	●	Horizons has 1,144 km of scheme drains. Maintenance of scheme drains was considerably higher than target. This was due to: • The baseline target was established on available asset-descriptive information and limited prior records of maintenance activities; • The previous financial years were adversely affected by Cyclone activity and repairs, with increased levels of rainfall leading to reduced maintenance being performed; • Assets having multiple maintenance treatments during the year, with each treatment counting towards the target. The purpose of doing this is to build a record of each asset's maintenance needs and costs; • The switch to the new maintenance-based programme meant that more prioritisation was given to asset maintenance with increased budget, and less weather damage this year, which allowed repair budget to be allocated towards additional maintenance; • Investment in Systems and resource use efficiency; and • Weather conditions were more favourable which allowed for a longer maintenance window during the year.

1.2	Kilometres of scheme river erosion protection maintained, e.g., mulching or maintenance of vegetation used for river bank erosion (such as mulching of willows).	New measure[1]	75km	139km	●	Horizons has 604 km of river edge protection assets. Maintenance of river erosion protection was considerably higher than target. This was due to: • The baseline target was established on available asset descriptive information, and limited prior records available for maintenance activities undertaken; • A switch to the new maintenance-based programme meant that more prioritisation was given to asset maintenance with increased budget and less weather damage this year allowed repair budget to be allocated towards additional maintenance; Investment in systems and resource use efficiency; and • Weather conditions were more favourable for river erosion protection works, which allowed for a longer maintenance window during the year.

1.3	Kilometres of river channel maintenance completed, e.g., movement of gravel in reach to reduce erosion pressure on stopbanks.	New measure[1]	18km	460km	●	Horizons has 802 km recorded of Scheme river channels. Maintenance of river channel was considerably higher than target. This was due to: • The baseline target was established on available asset descriptive information, of which length of channel within Schemes was unverified, and limited prior records were available for maintenance activities; • A switch to the new maintenance-based programme meant that more prioritisation was given to asset maintenance with increased budget, and less weather damage this year allowed repair budget to be allocated towards additional maintenance; • The inclusion of channel aerial spraying maintenance within this target; • Investment in systems and resource use efficiency; and • Weather conditions were more favourable for channel maintenance works, which allowed for a longer maintenance window during the year.

1.4	Number of scheme flood gates maintained, e.g., cleaned, repaired, adjusted etc.	New measure[1]	97	1268	●	Horizons maintains 746 floodgates. Maintenance of Floodgates was considerably higher than target. This was due to: • The baseline target was established on available asset descriptive information from the asset register, and limited prior records of maintenance activities; • The inclusion of regular asset servicing inspection activities within this target; • Assets having multiple maintenance treatments during the year, with each treatment counting towards the target. The purpose of doing this is to build a record of each asset's maintenance needs and costs; and • Investment in systems and resource use efficiency.

1.5	Kilometres of scheme stopbanks maintained, e.g., mowing of stopbanks, repairs to stopbanks etc.	New measure[1]	65km	1031km	●	Horizons has 510 km of stopbank. Maintenance of Stopbanks was considerably higher than target. This was due to: • The baseline target was established on available asset descriptive information from the asset register, and limited prior records of maintenance activities; • Weather conditions were more favourable, which allowed for a longer maintenance activity window during the year, and greater needs for maintenance, particularly from grass growth conditions; • Assets having multiple maintenance treatments during the year, with each treatment counting towards the target, for example, where regular mowing is needed. The purpose of that interpretation is to build a record of each asset's maintenance needs and costs; • Settled weather resulting in less storm damage, meaning more budget could be allocated to maintenance over repairs; • The inclusion of existing partnership agreements, such as agreement with Palmerston North City Council for stopbank mowing of Horizons' assets; and • Investment in systems and resource use efficiency.

1.6	Number of river scheme amenity works maintained (e.g. tracks on stopbanks).	New measure[1]	1	2	●	Horizons has 52 amenity assets. • The target was 1, however after achieving this, an extra amenity was able to be maintained due to favourable weather conditions, enabling the budget to do additional works this year.
2.	We will complete asset management activity for the River and Drainage Schemes					
2.1	% of critical assets inspection completed.	New measure[1]	75%	100%	●	We have a total of 3879 assets that we inspect on an annual or 5 yearly basis. These assets have been classified as critical and non-critical, factoring in what protection they provide and what the consequence of failure is. The classifications are: • 1279 critical assets inspected on an annual basis; and • 2600 non- critical assets inspected on a 5-yearly basis. The Asset Inspectors conduct these inspections and report all high-risk defects or damage to the engineering team. • We also have inspection guidelines which standardise inspection and improve the quality of our inspection reporting. • We are in the process of developing a Defects reporting programme in which we will repair/renew all high-risk defects in a timely manner.
2.2	% of non-critical assets inspections completed.	New measure[1]	20%	33%	●	

2.3	% of Assets Renewal programme completed.	New measure[1]	75%	76%	●	24 of the 34 schemes have assets that require asset renewals. 22 currently have some funding for renewal within the first 10 years of the Long-term Plan. 11 of these have a programme for asset renewals (Tables 44 and 45 of the Infrastructure Strategy document). These are all drainage schemes. None of the 23 River Schemes has programmed expenditure for asset renewal in the first 10 years of the Long-term Plan. A renewal programme is currently in the development phase in our AMIS and will enable us to plan, budget and allocate costs more accurately.
2.4	Asset condition report provided to Council. May report on the previous year's information.	New measure[1]	Achieved	Achieved	●	
2.5	Asset revaluation process completed and reported to Council. May report on the previous year's information.	New measure[1]	Achieved	Achieved	●	
2.6	Number of assets upgraded or modified to meet NPS-FM requirements.	New measure[1]	2	15	●	
3. We will continue to undertake capital works programs to maintain and build resilience to climate change that have been identified through the planning process and approved by Council at the first Integrated Catchment Committee meeting at the start of each financial year						
3.1	Percentage of the approved capital works programme completed.	New measure[1]	60%	67%	●	
4. We will continue to respond to weather events that impact our River and Drainage Schemes						
4.1	Council is informed of the likely impact of weather events that cause significant damage to river and drainage schemes on work programs and budget within three months of the event occurring.	New measure[1]	Achieved	Achieved	●	
5. We will report on River and Drainage Regulatory Activity						

5.1	Dam Safety Assurance Program reports completed as a part of meeting the Dam Safety regulations 2022.	New measure[1]	5	0	●	Draft reports have been completed for 5 of the 11 dams, and final reports for all 11 dams will be completed by the end of September 2025.
5.2	Intermediate Dam Safety Review reports completed as a part of meeting the Dam Safety regulations 2022.	New measure[1]	0	N/A	●	
5.3	Annual report on regulatory activity, including Environmental Code of Practice and Consents, and work to align with new regulations such as national policy statements and Environmental standards.	New measure[1]	Achieve	Achieve	●	https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2025-14-05/Public%20Agenda.pdf
6. We will continue to provide advice and direction around performance and sustainability of our scheme networks						
6.1	Number of Gravel Management reports completed.	New measure[1]	2	2	●	Lower Manawatū and South East Ruahine.
6.2	Flood vulnerability assessment reports completed (year 1 only) including analysis of the potential impacts of climate change.	New measure[1]	1	0	●	Many components of the work were completed and a draft report provided by 30 June. Further analysis is underway to finalise the report
6.3	Annual Report on Room for the River projects.	New measure[1]	Achieve	Achieve	●	https://www.horizons.govt.nz/HRC/media/Media/Agenda-Reports/Integrated-Catchment-Committee-Folder/Integrated-Catchment-Committee-2025-14-05/Public%20Agenda.pdf
7. We will continue to support community climate resilience by providing Environmental Grants to assist applicants to undertake works within waterways						
7.1	Number of Environmental Grants completed.	New measure[1]	5	8	●	

[1] This is a new performance indicator for 2024/25, and was selected as it better represents our activities in relation to River Management and Flood Protection. Comparative information has not been included as Council considers the target set in the LTP to be the baseline for this measure.

LAND MANAGEMENT						
Achieved ●●●● 4		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. Under the Sustainable Land Use Initiative (SLUI) programme, we deliver erosion control works on farms						
1.1	Hectares of erosion control works completed.	3,793 (Achieved)	3,285	3,513	●	
2. Regional and Coast, and Whanganui Catchment Strategy programmes deliver advice and funding to decrease erosion and/or improve water quality through provision of advice and financial support via grants for works						
2.1	Number of grants for works completed.	New measure	50	102	●	
3. Under the Regional and Coast programme, we will engage in industry partnerships to promote sustainable land management						
3.1	Support industry initiatives that promote sustainable land use.	8 groups (Achieved)	5 groups	7 groups	●	
4. Under the Horizons willow and poplar pole nursery programme, we will produce and source poles for use in erosion control programmes						
4.1	Number of poles made available for erosion control programmes.	38,302 (Achieved)	30,000	33,074	●	

FUNDING IMPACT STATEMENT FOR THE CATCHMENT OPERATIONS GROUP OF ACTIVITIES TO 30 JUNE 2025 ($000)

	LTP 2024-34 2024-25	Actual 2024-25	LTP 2021-31 2023-24	Actual 2023-24
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	18,060	18,053	17,671	17,672
Targeted rates	18,751	18,721	18,242	17,300
Subsidies and grants for operating purposes	2,830	4,040	4,778	5,296
Fees and charges	3,183	4,106	3,162	4,749
Internal charges and overheads recovered	1,551	1,553	861	861
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**44,375**	**46,473**	**44,714**	**45,878**
Applications of operating funding				
Payments to staff and suppliers	21,064	20,111	20,724	22,855
Finance costs	-	-	-	-
Internal charges and overheads applied	20,253	21,574	17,656	20,084
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**41,317**	**41,685**	**38,380**	**42,939**
Surplus (deficit) of operating funding (A-B)	**3,058**	**4,788**	**6,334**	**2,939**
Sources of capital funding				
Subsidies and grants for capital expenditure	10,887	9,050	4,396	5,376
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,940	5,472	(850)	1,615
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	300	575	-
Total sources of capital funding (C)	**14,827**	**14,822**	**4,121**	**6,991**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	17,260	18,803	11,162	10,177
-to replace existing assets	297	225	212	469
Increase (decrease) in reserves	328	582	(919)	(716)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**17,885**	**19,610**	**10,455**	**9,930**
Surplus (deficit) of capital funding (C-D)	**(3,058)**	**(4,788)**	**(6,334)**	**(2,939)**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Ngā ratonga ā-rohe, ā-waka
Transport and regional services

Ngā ratonga ā-rohe, ā-waka
Transport and regional services

This group of activities is made up of the following activities:

- Transport Planning
- Passenger Services
- Road Safety
- District Advice
- Emergency Management
- Environmental Data
- Information Management

What we do

Our transport activities ensure a coordinated approach to regional transport planning through the Regional Land Transport Plan. They also ensure our communities are well connected through the provision of public transport services via the Regional Public Transport Plan. We also work to keep our communities safe through road safety and education initiatives.

Our communities, district councils and Horizons operational teams rely on timely, accurate and accessible data and information to inform their decisions. We are responsible for the collection, management and provision of sound, accurate data and information.

We work to support regional community resilience and safety through our emergency management activity, which has two primary areas of focus: Horizons' own internal emergency management capability, and we are the Administering Authority for the regional Civil Defence Emergency Management Group (CDEM).

Contribution to Council's community outcomes

The Transport and Regional Services Group primarily contributes to the following community outcomes:

Our region's communities are vibrant and empowered

- We provide communities with natural hazard information and access to river alert systems so they have the opportunity to avoid risk to people and property.

Our region's ecosystems are healthy

- We implement and support business systems that track regulation and monitoring under resource management legislation, ensuring effectiveness can be assessed.
- We provide communities with information from the Horizons One Plan on how proposed developments could avoid or mitigate adverse effects on the environment. This includes stormwater management and wastewater disposal advice.
- We provide information on rare, threatened, or at-risk habitats in the vicinity of all proposed developments, potential growth areas and zone changes.
- We collect ecosystem, environmental data, which is critical to understanding the state and trends of our complex ecosystems.

Our region's communities are resilient to the impacts of natural hazards and climate change

- We provide a public transport service which gives our communities a lower-emission transport option.
- We work to minimise the impact of natural hazards on our communities by providing timely information and advice on natural hazards.
- We coordinate the Building Act requirements for dams and implement the Dam Safety Scheme.
- We equip our communities to be prepared for emergencies by promoting the 'Reduction, Readiness, Response and Recovery'.
- We ensure Horizons' River Monitoring network is fit for purpose.
- We provide data for design, decision-making, real-time and forecast information for emergency management and public safety.

Our region's economy is thriving and environmentally sustainable

- We contribute to an efficient and reliable transport network through the provision of public transport services, giving people an alternative to private vehicle travel and supporting urban growth objectives.
- We provide road safety education by raising driver awareness of key road safety issues and work with other key stakeholders to help reduce the incidence and severity of road traffic crashes. The key focus is to change road user behaviour, making roads safer for people to use.

Our region has effective transport networks

- We facilitate regional integrated transport planning to support and enable regional growth initiatives such as Accelerate25 and Accessing Central NZ.
- We enable members of the community who have limited access to transport options to access work, education, recreation, health and social services, and maintain a connection with the rest of the community.
- We inform business decisions by making our data accessible.
- Our emergency management planning, response and recovery arrangements play a key role in ensuring the impacts on the economy from emergency events are minimised.

Our region's relationship with iwi and hapū are respectful and mana-enhancing

- We seek to understand matters of interest to iwi and hapū when we are preparing and reviewing local and regional transport plans.
- We seek to improve our engagement and planning processes with iwi/Māori across all aspects of emergency management to enable them to support their own communities during and after an emergency.

What we did this year

Passenger Services

Bus services saw strong passenger growth across the network compared to the previous year. Overall, patronage grew by 30% year on year. This was driven by increased usage of the new bus network in Palmerston North that commenced in March 2024.

Ridership on the Palmerston North bus network saw a 41% year-on-year growth from pre- and post-network commencement. 1,004,000 passengers were carried in one year of the service's commencement, compared to 712,000 trips the previous year on the old network. It was

the first time since before the Covid lockdown that Palmerston North exceeded 1 million passengers in a 12-month period. Patronage on weekends saw an especially large increase, up 84% compared to the previous year.

Several reviews of our public transport services were undertaken across the region. In Feilding, consultation took place in late 2024. Council confirmed a new service for Feilding commencing mid-2026 with increased frequency on weekends. A new Whanganui urban bus network has been designed and from March to May 2025, went out for public consultation. The Horizons Passenger Transport Committee approved the new network, due to commence in April 2026, which includes two cross-town routes with a 20-minute frequency, along with other hourly routes. A first principles investigation of public transport in Horowhenua is currently being undertaken. The investigation will consider the scale and breadth of a public transport service within Horowhenua, Levin and surrounding connections.

The Government Policy Statement on Land Transport set expectations that Public Transport Authorities and NZTA will actively work towards increasing public transport private share by 30 June 2027, including setting targets each year. In response to this, Council approved an increase to fares by 10% during the 2025-26 year, and by 25% during the 2026-27 year. The one-zone adult smart card fare will increase over this time from $2.00 to $2.75.

The Lower North Island Rail Integrated Mobility Programme includes the delivery of 18 new trains and infrastructure improvements to the Wairarapa and Manawatū lines, station improvements, and delivery of a maintenance depot. The programme, currently in its procurement phase, will see the number of passenger rail services between Palmerston North and Wellington increase to four in each direction per weekday and two in each direction on weekends.

The total mobility scheme continues to assist eligible people with long-term impairments or disabilities to access appropriate transport to meet their daily needs. We continued to see strong growth in the number of trips made across the service across the year.

Road Safety

Funding for the Horizons road safety function was reduced by 69% by NZ Transport Agency, our key funding partner. This reduction and delay in confirmed levels of funding significantly impact our ability to deliver the road safety programme to the same level as in previous years. This included the loss of all funding for externally delivered driver licensing programmes.

In collaboration with stakeholders, Horizons delivered 20 road safety initiatives across the region throughout the year. Highlights included working closely with NZ Police across a number of events, providing road safety educational messages alongside their enforcement activities. There were also a number of events, education and promotional activities supporting improved road safety outcomes in our region.

Transport Planning

The Horizons Regional Land Transport Plan (RLTP) 2021-2031 (2024 Review) was adopted by Council in June 2024. This year has been the first year delivering against the updated RLTP. A change in Government direction saw misalignment between investment levels proposed in the RLTP and those approved. The funding tables within the RLTP were updated by the Regional Transport Committee in March 2025 to match those approved nationally.

Implementation of the Regional Public Transport Plan 2022-32 (RPTP) continued. This included reviews of bus services in Whanganui, Feilding, and investigation of new public transport services in Horowhenua. The RPTP received some minor amendments in March 2025 to reflect changing policy and strategic context, along with reflecting recent work undertaken, such as the Regional Services Review.

District Advice

The District Advice team is responsible for responding to requests for information from the Territorial Authorities and general public for properties in our region. It provides comments and advice to the region's Territorial Authorities to assist them with their assessment of subdivision, building consent and land use consent applications. It also provides information to the public to inform the sale or purchase of a property, insurance or valuation matters and natural hazard information for proposed land developments / activities. Responses include any relevant information that Horizons may hold on the property, particularly natural hazards and One Plan policies / rules, including other relevant regional and national matters that may need to be considered when proposing land development or making property-related decisions.

The District Advice team contributes to draft proposed plan changes that are notified by Territorial Authorities and coordinates and provides relevant information on potential growth areas or proposed District Plan rezoning. District Advice coordinates Horizons submissions on notices of requirement for proposed designations. The District Advice team responded to 1076 requests for information, which is a three per-cent increase in volume on the previous year (1049 requests in the 2023-24 year). The promotion and the success of the **Regional Natural Hazard Online Viewer** has meant fewer direct enquiries as people are better able to gather information for themselves. There continues to be a higher percentage of subdivision enquiries compared to previous years, and generally, these are more time-consuming, because of their increased complexity and the information requiring assessment. 787 of these requests are from the general public and 289 from Territorial Authorities. The main request types were for subdivisions (350), building consents / land use consents (261), property purchases (236) and flooding (154). The remaining request types were for insurance (36) and general/other (39).

The number of requests by Territorial Authority for the property enquiry location:

- Manawatū 379
- Palmerston North 163
- Tararua 155
- Rangitīkei 109
- Horowhenua 123
- Whanganui 81
- Ruapehu 65
- Stratford 1

The District Advice team has coordinated and prepared numerous comments on proposed growth areas and plan changes for various Territorial Authorities.

Regional authorities are responsible for performing functions under the Building Act relating to dams. Regional council requirements under the Building Act 2004 in relation to large dams were complied with, and District Advice continued to manage Horizons' obligations and responsibilities. District Advice have received many dam enquiries and had numerous interactions with dam owners and agents over the year, mainly in regard to the dam safety regulations. One large dam Building

Consent was approved by Waikato Regional Council within the statutory timeframes. District advice submitted on Horowhenua District Council – Notice of Requirement to designate land for the purpose of the construction, operation and maintenance of a water storage reservoir (large dam) for water supply purposes, Poads Road, Ōhau.

The new regulations on dam safety (Dam Safety Regulations 2022), which commenced on May 2024, aim to improve resilience and safety of New Zealand's dams, protecting people, property and the environment from the potential impacts of dam failures. The framework places the responsibility on dam owners to ensure dams are maintained to acceptable safety levels and promotes regular monitoring and surveillance practices for the safe operation of dams. The District Advice team is responsible for implementing, administering and monitoring these regulations.

Dam owners were required to submit Dam Classification Certificates (DCCs) to Regional Authorities by 13 August 2024, for approval. This financial year, 64 DCCs have been approved, bringing the total to 67 classifiable dams in the region, with 9 high, 7 medium, and 57 low potential impact (PIC) dams. All known classifiable dams are compliant with the regulations, and all dam safety enquiries and DCCs have been responded to within legal timeframes.

Emergency Management

Over the reporting period, the Horizons Regional Council Emergency Management team has continued to evolve and strengthen its capability to support the Manawatū-Whanganui Civil Defence Emergency Management (MWCDEM) Group. This period has seen innovation following a recent staff increase, including the recruitment and establishment of a Senior Emergency Management Advisor (Community Resilience) role. This refreshed structure will enable the team to focus on both improvement and delivery, embedding new systems and processes to further enhance readiness and response capability.

A significant milestone for this reporting period has been the successful implementation of the D4H Incident Management System to support both the Group Emergency Coordination Centre (GECC) and the Regional Duty Officer framework. This tool now enables more effective monitoring and management of early response activities and enhances situational awareness across the region.

The team has also made strong progress on the rewrite of the MWCDEM Group Plan, which is now three-quarters complete. This work ensures alignment with current legislation, national frameworks, and regional priorities, and will strengthen the strategic foundation for the region's future emergency management activity.

Engagement at a strategic level with NEMA has been a key focus, including involvement with the Emergency Management System Improvement Programme (EMSIP), the Emergency Management Bill development process, and the Emergency Management Sector Operational Systems (EMSOS) workshops. This engagement ensures that regional and local perspectives are considered in shaping the future of emergency management across Aotearoa New Zealand.

The team has continued to drive a comprehensive recovery and capability development programme, building on the success of last year's Recovery development efforts. This ongoing work supports the region's readiness for recovery through structured training and engagement with both council and community stakeholders.

Throughout the year, the Emergency Management team has utilised the Integrated Training Framework (ITF) and the TEC training fund to great effect, delivering targeted training opportunities for volunteers, Council

staff, and partner agencies to enhance regional response capability. This has included a focus on ITF CIMS Function courses, response and controller leadership, as well as improving our regional capability / training framework.

Looking ahead, the Emergency Management team remains committed to growing, developing, and adapting to ensure the region is well-prepared to meet future emergency management challenges. As part of the ongoing commitment to strengthening regional readiness and coordination, planning is now underway for a Regional Exercise in November 2025. This exercise will provide a valuable opportunity to test and refine the region's response capability across all levels, from the Group Emergency Coordination Centre (GECC) through to local Emergency Operations Centres (EOCs). It will also actively involve NEMA, partner agencies and key stakeholders from across the Manawatū-Whanganui region.

Lessons identified through this exercise will directly inform the ongoing development of the MWCDEM Group's Readiness, Response and Recovery Capability and support continuous improvement across the region.

Environmental Data

Building on the last financial year, the past twelve months have been highly focussed towards the completion of the NIWE resilience projects. Post cyclone Gabrielle, the Horizons was awarded Government funding via the North Island Weather Event (NIWE) co-investment fund. The NIWE funding aimed to accelerate planned infrastructure improvements to our radio network, standby power and flood forecasting systems.

The Environmental Data department has completed these NIWE funded upgrades to its entire flood-warning network and Catchment Operation's pump station monitoring, including implementation of a new digital radio network and has completed the first phase of the new flood forecasting system development.

As part of the wider asset upgrade program, the department has completed its rollout of replacement continuous water quality monitoring sensors in the northern Whanganui catchments and continues to improve the Safety of our monitoring infrastructure. The Water metering team has successfully rolled out new telemetry hardware at consent sites, which has seen a significant improvement in consent information capture.

In support of the Catchment Operations group, the department has installed a micro network in and around Fielding to collect more detailed storm information in support of the "Fielding Flood Resilience Project".

The Environmental Data - Survey team has completed 35 unique geomorphological/engineering surveys across 17 catchments in support of Horizons' fluvial Science program, and Catchment Operations design engineering and resilience initiatives. The survey team also completed bathometric survey of the Lower Whanganui River and provided multiple ground control surveys for the recent LiDAR capture in the Ōroua and lower Manawatū catchments.

The Department has delivered all of its monthly SOE sampling program requirements across rivers, lakes and groundwater, and continues to maintain a targeted high-resolution monitoring network for the Arawhata wetland.

Disappointingly, we have had a number of our freshly upgraded flood warning stations vandalised, of primary concern has been Mangaone at Milson Line and Manawatū at Upper Gorge (twice), both stations are critical for the early flood warning for Palmerston North and the lower

Manawatū catchment. Horizons is supporting NZ Police with their investigations.

All collected environmental data and flood forecasting information is available in near real-time on the Horizons website, IVR flood warning system and LAWA.

Information Management

Horizons' Information Management (IM) programme has made significant progress this year in modernising systems and strengthening readiness for future changes across the organisation.

A key focus remains the transition to IRIS NextGen – a modern, cloud-based regulatory platform being developed in partnership between ten councils through Regional Software Holdings Limited (RSHL). Built on the Datacom Datascape framework, IRIS NextGen will eventually replace IRIS (Classic), the current core system used by Horizons for consenting, compliance monitoring, contact management, and other environmental and regulatory functions. Implementation is scheduled for late 2027.

Horizons has played an active role in the programme during 2024/25, contributing to process design and sector-wide planning. The new system will offer improved usability, greater consistency across councils, and integration with other platforms such as GIS, Hilltop, and Finance. Its alignment with our existing Datascape-based finance and rating systems provides a strong opportunity for operational efficiencies and a more streamlined system environment.

Alongside this programme, important groundwork has been laid across other IM streams to support the success of IRIS NextGen and broader business transformation. This includes:

- Improving data quality and business processes across several teams, including work to retire legacy systems and shift more functions into IRIS (Classic) as an interim step.
- Financial systems alignment, particularly in preparing the Datascape platform for wider enterprise integration.
- Establishing Enterprise Architecture capability, to ensure we are better positioned to guide system investment and digital change in a more coordinated, strategic way.

This broader enablement work is designed to strengthen both technical and business readiness for IRIS NextGen and future digital initiatives. It has already begun delivering value by reducing duplication, improving workflows, and supporting more informed decision-making.

In addition to internal transformation efforts, IM staff have responded to 261 external requests for data and information over the year, ranging from phone-based enquiries to the supply of elevation data and geospatial hazard assessments—reflecting the ongoing demand for trusted and accessible data services.

Envirodata upgrades

Cyclone Gabrielle was a tough time for many in the country. For Horizons, it highlighted where we could improve Environmental Data network monitoring. Parts of the network relied on telecommunications infrastructure such as cell towers, which can become vulnerable during weather events. It was clear; to provide a more reliable means of communication and improve cybersecurity for our data, we needed our own infrastructure.

In late 2023, Horizons received $3.645 million in funding from the Local Government Flood Resilience Co-Investment Fund towards building resilience to the impacts of climate change and recover from Cyclone Gabrielle. Further funding was provided by Horizons through its 2024-34 Long-term Plan.

We have monitoring sites in every district throughout the Horizons region, collecting a range of data, including air quality; water quality; air temperature; river levels and flow rate; groundwater levels; rainfall levels;

soil moisture; and more. The Environmental Data team builds, operates and maintains the network, including collecting data from these sites. The data that we collect is used by a wide range of our teams internally, to assist them to make more informed decisions, but the data is also available externally to help other organisations with their day-to-day business.

The funding we received led to a significant number of our river and rainfall monitoring sites being upgraded, completely in-house by our talented staff. The Environmental Data team has been busy upgrading the physical infrastructure by upgrading the radio systems and back-up power sources, as well as installing a few targeted monitoring stations. They've also upgraded the internal software systems which bring in, store, and process raw data for us to use and then put on our Envirodata website.

All sites now have a minimum of four days' backup power available, and solar and voltage monitoring. We also now have access to data faster after the team improved the system latency – the time it takes data to get from site to our office, giving us a clearer picture of what is happening as it happens.

It's been a big piece of work for the team, and one that benefits the communities we serve. The benefits of these upgrades to the wider community mean the network's resilience and reliability in flood events have been increased. They will also see improvements to early warning systems, updated flood forecasting models, and regional flood mapping. Thanks to the funding through the Local Government Flood Resilience Co-Investment Fund, something that was planned as part of a six-year roll-out through the next two LTPs, was able to be completed quickly, with minimal cost to our ratepayers, and allows the team to focus on and improve other areas of work.

PERFORMANCE TARGETS

TRANSPORT PLANNING						
Achieved ●●● 3		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1.	We deliver transport planning activities for the region					
1.1	The Regional Land Transport Plan (RLTP) 2021-2031 is monitored to allow the Regional Transport Committee (RTC) to assess implementation of the plan.	Achieved	Achieved	Achieved	●	Reporting has taken place in line with RLTP (Section 18), including an annual report at December RTC meetings. This is available on the HRC website.
1.2	The Regional Land Transport Plan is up to date in line with the Land Transport Management Act and any guidance issued by Waka Kotahi.	Achieved	Achieved	Achieved	●	RLTP variation was adopted by Council on 25 March 2025. The new RLTP will be produced by June 2027.
1.3	The Regional Public Transport Plan is up to date in line with the Land Transport Management Act and any guidance issued by Waka Kotahi.	N/A	Achieved	Achieved	●	RPTP variation was adopted by Council on 25 March 2025. Document on website, page 145 onwards.

PASSENGER SERVICES					
Achieved ●●●● 4	Not Achieved ● 1				Not Applicable 0
Levels of service and performance measures	Performance Measure/Target				
	Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We deliver bus services that people and communities value and regard as a quality service					

1.1	Percentage of customers surveyed who are 'satisfied' or better with their trip overall.[1] (bi-annual).	N/A	> 90%	96%	●	Survey undertaken by SIL Research. Fieldwork ran from 17 June to 18 July 2025, using intercept surveys across all routes operated by the Council. Overall 'satisfaction' percentages presented in this report are aggregated 6-10 responses on a 0-10 scale. While the measure is intended to capture data strictly from 1 July to 30 June 2025, the survey extended slightly beyond this period, with responses also collated in July 2025. Council considers these responses to be relevant to FY25 as the survey methodology allowed participants to reflect on trips taken within the previous 30 days. This means that feedback collected in July still pertains to experiences that occurred within FY25. A total of 948 responses were analysed, with a 95% confidence level, and a margin of error of +/- 3%-4%. Link to results on website (2025-Horizons-Regional-Council-Passenger-Survey-Report.pdf). The results for FY24 were n/a as this is a Bi-annual measure. The next comparable result was FY23, in which patrons surveyed reported a 91% satisfaction. Council has worked hard to improve the bus network across the region, including electrification of the Palmerston North fleet and Whanganui and Palmerston North network improvements since the last survey.
1.2	Percentage of monitored scheduled services that depart the terminus on time compared to public timetable.	Achieved 95.2%	>95%	94%	●	New Palmerston North urban network along with increased road works impacting services.

1.3	Annual patronage on bus services in the region.	Achieved	Maintain or increase from the prior year	Achieved	●	This was the first full year of the new Palmerston North bus network, with 1,401,941 trips were made during the 2024/25 FY compared to 1,092,862 trips during the 2023/24 FY (part year of new Palmerston North network).
1.4	Percentage of households in Whanganui, Palmerston North, & Feilding urban areas within 800m of a public transport stop.	Achieved	>90%	Achieved	●	Urban areas continue to be well served by the public transport networks. It has changed very little over the past few years, with bus routes and stops not changing significantly.
2.	We subsidise the total mobility scheme to enable those with long-term disabilities access to transport					
2.1	Percentage of registered customers who are 'satisfied' or better with the overall service of the Total Mobility scheme.[2]	Achieved 97%	>90%	98%	●	Customer satisfaction surveys undertaken per district throughout the year.

[1] Satisfied means 6-10 out of a scale of 0-10
[2] Satisfied means 4-5 out of a scale of 1-5

ROAD SAFETY						
Achieved 0		Not Achieved 1				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1.	We support safe use of the region's transport network					
1.1	Number of road safety behavioural change education initiatives delivered across the region in partnership with key agencies.	Achieved 43	>30	20		Lower number of initiatives delivered this year due to 70% funding cut from NZTA. This resulted in no external funding, the number of internal staff working on road safety initiatives reducing from 3 to 2, and less ability to support road safety campaigns across the region.

DISTRICT ADVICE						
Achieved 2		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1.	We provide timely land development advice to the community and territorial authorities					
1.1	Percentage of enquiries responded to within 20 working days.	100%	100%	100%		Responded to a total of 1076 land development requests, which were all met within statutory timeframes. 787 requests received from the general public and 289 from Territorial Authorities.
2.	We administer and monitor the implementation of all legislated dam safety requirements					

2.1	Percentage of applications responded to within the required timeframes.	100%	100%	100%	●	One dam consent application and 64 dam classification certificates approved and responded to within the required timeframe.

EMERGENCY MANAGEMENT						
Achieved ●●●●●●●●● 9		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We ensure that an operative Civil Defence Emergency Management (CDEM) Group Plan under the CDEM Act 2002 is in place at all times						
1.1	Number of formal meetings at which CDEM targets are reported:					
	CDEM Joint Committee.	4	4	4	●	Meetings held on 3 Sep 24, 3 Dec 24, 4 Mar 25, & 3 Jun 25.
	CDEM Coordinating Executive Group aligned with the approved work programme.	4	4	4		With meetings held on 6 Aug 24, 5 Nov 24, 4 Feb 25, & 6 May 25
1.2	CDEM Group Plan meets legislative requirements and is reviewed within statutory timeframes by the CDEM Joint Committee.	Achieved	Achieved	Achieved	●	Group plan under review. Current plan remains extant until review complete. The draft plan is currently out for public consultation and undergoing NEMA Technical review pending sign off by the Joint Committee and then on for Ministerial approval.
1.3	Critical outputs pertaining to operational capability, community resilience and riskscape are monitored, reviewed, and reported to the CDEM Coordinating Executive Group a minimum of four times per year.	Achieved	Achieved	4	●	Four meetings held this year, next year's work programme signed off by the CEG.
2. We maintain operational readiness to respond to an emergency event at all times						

2.1	Emergency Operations/Coordination Centre staff are trained and ready to respond, Emergency Management Duty Officer available 24/7, response manuals, flood action plans and procedures available and reviewed at least annually.	Achieved	Achieved	Achieved	●	Emergency Response Manual is reviewed annually for minor updates and improvements. Major review underway on Part 1 and two flood action plans.
3. We maintain business continuity planning arrangements to ensure the Emergency Management Office can continue to operate during and after an emergency event						
3.1	An up-to-date Business Continuity Plan is in place for the Emergency Management Office.	Achieved	Achieved	Achieved	●	Covered under HRC business continuity documentation and our ERM for business continuity.
4. We manage and promote navigation safety outputs via Manawatū River Users Advisory Group, Whanganui Coastguard and other river user groups						
4.1	Number of formal meetings: Manawatū River Users Advisory Group.	New measure	2	2	●	Meets twice a year - 3 Dec 2024 and 3 Jun 2025.
4.2	Number of formal meetings: Whanganui Awa Safety Group.	New measure	2	2	●	Online.
5. We maintain Maritime New Zealand (MNZ) oil spill response capability to MNZ audit standards						
5.1	Tier 2 Marine Oil Spill Plan response requirements are maintained.	Achieved	Achieved	Achieved	●	Staff attending MNZ training, Quarterly equipment checks and 2 field training exercises completed on 18 Feb 2025 and 18 June 2025.
6. Hazard Information						
6.1	Hazard Information acquired and disseminated aligned to project plan.	Achieved	Achieved	Achieved	●	Group plan hazard review completed as part of the Group plan project work.

ENVIRONMENTAL DATA					
Achieved ●●●● 4	Not Achieved 0				Not Applicable 0
Levels of service and performance measures	Performance Measure/Target				
	Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We provide environmental monitoring which is fit for stakeholder purposes, and data is openly available for all interested parties					

1.1	Hydro-Climate Monitoring Total percentage of collected environmental data available for users, relating to: water level, rainfall, soil moisture, wind, air temperature and air quality (approx. 15 million data-points p.a.).	99%	99%	99%	●	
1.2	Continuous Water Quality Monitoring Total percentage of collected environmental data available for users, relating to continuous data relating to water quality parameters (approx. 8.0 million data-points p.a.).	96%	94%	99%	●	
1.3	Continuous Lake Monitoring Total percentage of collected environmental data available for users, relating to: continuous lake level and lake water quality data (approx. 6.5 million data-points p.a.).	100%	90%	91%	●	Excluding a failed trial lake temperature monitoring station. With this included the result would be 89.1%. The vendor has recalled and is currently reconfiguring the instrumentation to a follow-up deployment.
1.4	National Environmental Standards Water Metering Collection of continuous consented water use data from verified meters meeting the requirements of the NES-Water Metering (approx. 10.0 million data-points p.a.).	New measure	Achieved	Achieved	●	

INFORMATION MANAGEMENT						
Achieved ●● 2		Not Achieved 0				Not Applicable 0
Levels of service and performance measures		Performance Measure/Target				
		Actual 2023/24	24/25 Target	24/25 Result		Comment
1. We provide timely information to support the community regarding maps and data that Council holds						
1.1	Initial responses to map, information, and data requests from the community are made within 5 working days.	New measure	≥95%	99%	●	304 requests received in the financial year, with almost all acknowledged within 5 days.

1.2	Map, information, and data requests from the community are resolved and within timeframes agreed at the time of request.	New measure	≥95%	96%	●	Of the 304 requests 291 were responded to within the timeframes agreed. 8 were responded to outside timeframes, but within 20 days, and 5 requests are ongoing or not yet closed.

FUNDING IMPACT STATEMENT FOR THE TRANSPORT AND REGIONAL SERVICES GROUP OF ACTIVITIES TO 30 JUNE 2025 ($000)

	LTP 2024-34 2024-25	Actual 2024-25	LTP 2021-31 2023-24	Actual 2023-24
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	5,009	5,009	5,002	4,989
Targeted rates	8,132	8,132	4,492	5,087
Subsidies and grants for operating purposes	11,251	13,573	6,861	10,533
Fees and charges	2,818	2,675	2,446	2,970
Internal charges and overheads recovered	3,034	3,414	4,014	3,629
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**30,244**	**32,803**	**22,815**	**27,208**
Applications of operating funding				
Payments to staff and suppliers	22,236	24,629	13,873	19,905
Finance costs	-	-	-	-
Internal charges and overheads applied	7,672	8,478	8,059	7,650
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**29,908**	**33,107**	**21,932**	**27,555**
Surplus (deficit) of operating funding (A-B)	**336**	**(304)**	**883**	**(347)**
Sources of capital funding				
Subsidies and grants for capital expenditure	-	940	-	714
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	454	728	-	804
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**454**	**1,668**	**-**	**1,518**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	1,086	1,705	1,167	1,830
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(296)	(341)	(284)	(659)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	**790**	**1,364**	**883**	**1,171**
Surplus (deficit) of capital funding (C-D)	**(336)**	**304**	**(883)**	**347**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**

Mōhiohio pūtea
Financial information

Financial Statements

The accompanying notes form part of these financial statements. The financial statements from page 88 to 92 are to be read in conjunction with the notes to the financial statements from page 93 to 156.

Statement of Compliance

The Council of Manawatū-Whanganui Regional Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

_____ 29 October 2025

Chair

_____ 29 October 2025

Chief Executive

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2025 ($000)

	Notes	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
Revenue						
Rates	**1**	65,994	66,018	66,018	58,993	58,993
Subsidies and grants	**2**	25,028	27,754	27,754	22,069	22,069
Finance revenue	**3**	3,850	3,291	3,605	3,376	2,721
Other revenue	**4**	17,036	15,979	18,053	16,448	17,579
Total revenue		**111,908**	**113,042**	**115,430**	**100,886**	**101,362**
Expenditure						
Personnel costs	**8**	30,963	30,489	30,489	29,366	29,366
Depreciation and amortisation expense	**21**	5,917	6,995	6,995	6,628	6,628
Finance costs	**3**	3,050	4,045	4,045	3,158	3,160
Other expenses	**6**	62,975	68,112	68,827	67,060	69,670
Total expenditure		**102,905**	**109,641**	**110,356**	**106,212**	**108,824**
Surplus/(deficit) before tax		**9,003**	**3,401**	**5,074**	**(5,326)**	**(7,462)**
Income tax expense/benefit	**26**	-	-	(226)	-	(133)
Surplus/(deficit) after tax		**9,003**	**3,401**	**5,300**	**(5,326)**	**(7,329)**
Other comprehensive revenue and expense						
Financial assets at fair value through other comprehensive revenue and expense		100	177	3,877	267	267
Property, plant, and equipment revaluations		42,009	23,454	23,454	207,064	207,064
Total other comprehensive revenue and expense		**42,109**	**23,631**	**27,331**	**207,331**	**207,331**
Total comprehensive revenue and expense		**51,112**	**27,032**	**32,631**	**202,005**	**200,002**

Explanations of major variances against budget can be found in Note 33. The accompanying notes from part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2025 ($000)

	Notes	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
Balance at 1 July		**1,142,807**	**1,305,900**	**1,347,821**	**1,103,895**	**1,147,819**
Total comprehensive revenue and expense for the year		51,113	27,032	32,631	202,005	200,002
Balance at 30 June		**1,193,920**	**1,332,932**	**1,380,452**	**1,305,900**	**1,347,821**

Statement of Financial Position for the year ended 30 June 2025 ($000)

	Notes	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
Assets						
Current Assets						
Cash and cash equivalents	**12**	3,078	3,350	4,196	4,224	6,567
Trade and other receivables	**13**	8,210	10,453	10,277	10,088	9,880
Revenue Receivable		6,060	3,216	2,701	9,052	5,537
Prepayments and leases - current portion	**14**	1,204	1,317	1,392	1,023	1,095
Inventory	**15**	1,892	1,920	1,920	2,020	2,020
Tax refund due		-	-	34	-	37
Other current assets	**16,31**	1,857	1,370	370	225	225
Total current assets		**22,301**	**21,626**	**20,890**	**26,632**	**25,361**
Non-current assets						
Other financial assets						
Investments in CCOs and other similar entities	**16**	33,542	34,084	2,584	33,403	1,903
Loan to CCO	**16**	17,000	17,500	-	18,500	-
Subtotal		***50,542***	***51,584***	***2,584***	***51,903***	***1,903***
Investments in other entities	**16**	3,602	4,144	70,844	3,999	66,999
Derivative Financial Instruments	**31**	245	264	264	711	711
Total other financial assets	**16**	***54,389***	***55,992***	***73,692***	***56,613***	***69,613***
Deferred taxation asset		-	-	-	-	-
Investment property	**17**	3,850	3,680	25,522	3,680	25,105
Forestry Assets	**18**	3,905	842	842	1,892	1,892
Land leases (prepaid) non-current	**14**	1,979	1,526	1,526	1,915	1,915
Restoration asset	**19**	1,384	271	271	703	703
Carbon credits	**20**	18,159	15,938	15,938	15,054	15,054
Intangible assets	**21**	2,851	3,516	3,516	4,222	4,222
Operational assets	**21**	112,401	94,269	103,506	97,144	106,381
Infrastructural assets	**21**	1,076,356	1,238,852	1,238,852	1,196,369	1,196,369
Total non-current assets		**1,275,274**	**1,414,886**	**1,463,665**	**1,377,592**	**1,421,254**
Total assets		**1,297,575**	**1,436,512**	**1,484,555**	**1,404,224**	**1,446,615**

Explanations of major variances against budget can be found in Note 33. The accompanying notes from part of these financial statements.

	Notes	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
Liabilities						
Current liabilities						
Trade and other payables	**23**	19,915	19,835	20,214	19,339	19,438
Provisions - general	**24**	46	188	188	125	125
Provisions - employee entitlements	**25**	3,470	3,432	3,432	3,261	3,261
Debt - current portion	**27**	7,000	25,412	25,412	26,357	26,357
Derivative financial instruments (current)	**31**	-	-	-	-	-
Total current liabilities		**30,431**	**48,867**	**49,246**	**49,082**	**49,181**
Non-current liabilities						
Derivative financial instruments	**31**	-	277	277	-	-
Debt - non-current portion	**27**	71,131	53,500	53,500	48,000	48,000
Deferred taxation liability	**26**	-	-	145	-	372
Provision - replanting	**28**	2,094	936	936	1,241	1,241
Total non-current liabilities		**73,225**	**54,713**	**54,858**	**49,241**	**49,613**
Total liabilities		**103,656**	**103,580**	**104,104**	**98,323**	**98,794**
Net assets (assets minus liabilities)		**1,193,919**	**1,332,932**	**1,380,451**	**1,305,901**	**1,347,821**
Equity						
Asset revaluation reserves		763,596	913,220	914,035	889,766	890,582
Fair value through other comprehensive revenue and expense reserve		1,706	1,817	43,135	1,640	39,258
Restricted reserves		14,470	15,056	15,056	14,417	14,417
Infrastructure insurance reserves		5,160	5,160	5,160	5,040	5,040
Accumulated funds		408,987	397,679	403,065	395,038	398,524
Total equity	**32**	**1,193,919**	**1,332,932**	**1,380,451**	**1,305,901**	**1,347,821**

Explanations of major variances against budget can be found in Note 33. The accompanying notes from part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2025 ($000)

	Notes	LTP 2024-34 2024-25	Council Actual 2024-25	Group Actual 2024-25	Council Actual 2023-24	Group Actual 2023-24
Cash flows from operating activities						
Receipts from rates revenue		65,189	66,310	66,310	58,546	58,546
Subsidies and grants received		24,602	29,668	29,668	22,762	22,762
Interest received		1,692	1,872	1,891	1,582	1,610
Dividends received		2,350	4,393	2,566	137	1,752
Receipts from rate penalties		1,100	1,436	1,436	1,081	1,081
Receipts from other revenue		13,648	10,536	10,848	10,734	11,424
Payments to suppliers and employees		(93,571)	(91,437)	(91,449)	(89,880)	(90,363)
Interest paid		(3,021)	(4,671)	(4,671)	(3,011)	(3,011)
Income tax paid/refunded		-	-	3	-	(15)
GST (net)		-	(23)	(16)	382	441
Net cash flow from operating activities	**34**	**11,989**	**18,084**	**16,587**	**2,334**	**4,228**
Cash flows from investing activities						
Receipts from sale of operational assets		630	1,769	1,769	679	679
Receipts from sale/maturity of investments		48,416	49,879	49,879	5,038	5,038
Repayment of loan principal from CCO		-	-	-	-	-
Purchase of forestry assets		-	(15)	(15)	(50)	(50)
Purchase of property, plant, and equipment		(22,192)	(24,141)	(24,141)	(11,694)	(13,091)
Purchase of intangible assets		(231)	(5)	(5)	(87)	(87)
Purchase of investment property		-	-	-	-	(179)
Payment of loan to CCO		-	-	-	-	-
Acquisition of investments		(48,434)	(51,000)	(51,000)	(5,529)	(5,529)
Net cash flow from investing activities		**(21,811)**	**(23,513)**	**(23,513)**	**(11,642)**	**(13,219)**
Cash flows from financing activities						
Proceeds from borrowings		8,700	66,995	66,995	84,357	84,357
Repayment of borrowings		(1,412)	(62,440)	(62,440)	(76,000)	(76,000)
Dividend/Subvention payments		-	-	-		
Net cash flow from financing activities		**7,288**	**4,555**	**4,555**	**8,357**	**8,357**
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		**(2,534)**	**(874)**	**(2,371)**	**(951)**	**(634)**
Cash, cash equivalents, and bank overdrafts		5,612	4,224	6,567	5,175	7,201
Closing cash balances		**3,078**	**3,350**	**4,196**	**4,224**	**6,567**

Notes to the Financial Statements

Statement of Accounting Policies as at 30 June 2025

Reporting Entity

Horizons Regional Council (HRC) is the trading name of the Manawatū-Whanganui Regional Council, a Local Authority governed by the Local Government Act 2002 (LGA), and is domiciled in New Zealand.

The Horizons Regional Council Group (the Group) consists of Horizons Regional Council (the 'parent entity') and its subsidiary, MWRC Holdings Limited (MWRCH), domiciled in New Zealand.

Horizons has the following as investments in the balance sheet:

- 15.5% equity share of Regional Software Holdings Ltd (RSHL), and
- 14.29% (1/7) of the shares in MW LASS Limited

MW LASS Limited has been set up as a shared service across six territorial authorities (TAs) and HRC, of which HRC has the above shareholding.

HRC comprises the following Groups of Activities: Partnerships, governance and leadership; Strategy, science and regulation; Catchment operations; and Transport and regional services. The Council does not operate to make a financial return.

The reporting date of Council and controlled entities is 30 June.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and Group are for the year ended 30 June 2025. The financial statements were authorised for issue by Council on 29 October 2025.

Basis of Preparation

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000), other than capital commitments, Councillors' remuneration, severance payments, internal borrowings, and river and drainage scheme summary, which are rounded to the nearest dollar.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date when Council obtains control of the entity and ceases when Council loses control of the entity.

Control over an entity is determined when Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, the ability to appoint or remove a majority of the entity's governance and management, binding agreements Council enters into, group voting rights, and pre-determination mechanisms. Council reassesses whether or not it controls another entity if facts and circumstances change.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Other changes in accounting policies

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. This new disclosure is included in Note 6.

Standards issued and not yet effective, and not early-adopted

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1) - This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. This amendment is effective for the year ended 30 June 2027.

These amendments are not expected to have a significant impact.

Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates, and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised for the amounts due.
- Rates arising from late payment penalties are recognised when rates become overdue.
- Rate remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Revenue from Government

Government grants and subsidies are recognised upon entitlement, which is when the conditions pertaining to eligible expenditure have been fulfilled. Non-expenditure-related grants are recognised within the relevant financial year when received or apportioned.

Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested Physical Assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue unless there is a use or return condition attached to the asset.

The fair value of this asset is usually determined by reference to the cost of constructing the asset.

For long-lived assets that must be used for a specific use (e.g., land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects it will need to return or pass the asset to another party.

Other Revenue

Other forms of revenue (excluding investment revenue), including fees, charges, and other revenues, are recognised on an accrual basis in proportion to the stage of completion or when the services are rendered or goods produced.

Dividends received are recognised when the right to the payment is established.

Interest revenue is recognised using the effective interest method.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided or the goods received.

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Grant Expenditure

Non-discretionary grants are those that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the criteria has been received.

Discretionary grants are those where HRC has no award obligation on receipt of the grant application and are only recognised as expenditure when a successful applicant is notified of the HRC's decision.

Borrowing Costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where HRC is the lessee, lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. SLUI land leases paid in advance will be amortised over the life of the contracts. Where HRC is

the lessor, lease receipts under an operating lease are recognised as revenue on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, on-demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Although cash and cash equivalents at 30 June 2025 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised, because the estimated allowance is trivial.

Trade and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables and other receivables and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

Rates are "written-off":

- When remitted in accordance with Council's rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Inventories

Inventories of HRC are deemed to be held for distribution, being material or supplies to be consumed in the rendering of service, and are not supplied on a commercial basis. They are measured at cost, adjusted when applicable, for any loss of service potential. Inventory acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Financial Derivatives

Derivative financial instruments are used to manage exposure to interest rate risks arising from HRC's financing activities. In accordance with its treasury policy, HRC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value on each balance date. The method of recognising the resulting gain

or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a hedge-accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months and as current if the remaining maturity of the hedged item is less than 12 months.

Financial Assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as and subsequently measured under the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOVRE); or
- Fair value through surplus and deficit (FVTSD)

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost of FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and Group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated at FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense.

There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments, including our investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and Group's LGFA borrower notes and Interest Rate Swaps.

Expected credit loss allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment, including forward-looking information.

The Council and Group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Property, Plant and Equipment

This consists of our operational assets, including operational land and buildings, communications equipment, computer equipment, equipment and electronics, fittings, furniture and equipment, plant and machinery, scientific/hydrological equipment, and vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets are measured at cost, less accumulated depreciation and impairment losses.

Included within the land assets managed by Horizons are significant land-holdings that are legally held in the name of the Crown. This technical legal ownership by the Crown results from the fact that, prior to 1987, various government departments, e.g., the Ministry of Works, were responsible for acquiring land required for the various river control schemes. Since 1987, however, all land acquisitions were undertaken by HRC, and so legal ownership was vested in HRC. While the Crown is the legal owner of a portion of HRC's river control scheme land-holdings, it is considered that HRC, or at least HRC's ratepayers, enjoy all of the risk and benefits associated with ownership of these land-holdings, and so "in substance" HRC has ownership. However, it is noted that should HRC ever decide to sell a significant portion of these land-holdings, then part of the proceeds may have to be returned to the Crown.

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, items are recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group, and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Infrastructural Assets

Infrastructural assets are assets that deliver benefits directly to the community rather than being used directly by HRC. The major infrastructural assets owned by HRC are associated with the region's major flood protection and land drainage schemes. It is generally considered that the majority of infrastructural assets owned by HRC would not be readily saleable. Additions and disposals are recognised in the same way they are for property, plant, and equipment.

Revaluation

Infrastructural assets are revalued annually at depreciated replacement cost by HRC engineering staff who are directly associated with the administration of these schemes. The valuation methodology is reviewed

by suitably qualified, independent consultants to confirm that the methodology is consistent with PBE IPSAS 17.

Depreciation

Operational assets, as listed below, are depreciated on the straight-line basis at rates that will write off the cost (or valuation) less their estimated residual values over their useful lives, as follows:

Buildings	50 years
Buildings - Sheds	30 years
Heavy plant and machinery	5-15 years
Other plant and machinery	5-16 years
Sediment trap culverts	70 years
Motor Vehicles	3-15 years
Furniture and fittings	5-15 years
Furniture and fittings – Building fitout	50 years
Office equipment	5-6 years
Scientific equipment	3-20 years
Computer equipment	3-6 years
Communications equipment	3-15 years
Equipment and electronics	3-12 years

Infrastructural assets are depreciated on a straight-line basis at rates that will write off the carrying amount of the assets, less their estimated residual values over their estimated useful lives, as follows:

Concrete block walls	100-200 years
Major floodgate structures	70-100 years
Floodgate culverts (over 1.2m)	70 years
Flow diversion structures	70-200 years
Pump station structure	70 - 100 years
Spillways	70 years
Drop structures	50-120 years
Amenity enhancements	50 - 100 years
Concrete/timber flood walls	50-200 years
Control electrical/mechanical	50 years
Grade controls	70 years
Permeable mesh units	20 years - indefinite
Portable flood barriers	50 years
Pump station floodgates/pumps	50 - 70 years
Timber retaining walls	50 years
Weirs	70 years
Pump station electrical/mechanical	25 years

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year-end.

Several types of infrastructural assets are deemed to have an indefinite life as follows: tied tree works, protection planting, bed armouring, rock work, concrete rip rap, stop gates, drainage channels, culverts, dams, groynes, gabions, forestry, and stopbanks. These assets are not depreciated.

Accounting for Revaluations

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously

expensed and then recognised in other comprehensive revenue and expense.

Intangible Assets

Computer Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit. The useful lives of major classes of intangible assets have been estimated as follows:

Digital Terrain Flood Modelling	10-12 years
Other computer software	3-20 years

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

As an obligation to surrender carbon credits only arises on deforestation, Council has elected not to recognise a liability for the surrender of its carbon units. Council has also elected not to recognise a liability for the landowner's residual carbon credits, as these values are not able to be accurately calculated until our forests are harvested and the carbon credits required to extinguish the emissions liability are known.

Impairment of Property, Plant, and Equipment and Intangibles

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

As impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value-in-use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the

surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in Use for Non-cash-generating Assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value-in-use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash-generating Assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Forestry Assets

Standing forestry assets are independently revalued annually at fair value less costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows, discounted at a current market-determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber process, felling costs and silviculture costs, and takes into account consideration of environmental, operational and market restrictions.

Where standing forestry assets have not been developed to the stage at which a revaluation is appropriate, these assets shall be carried at cost in the statement of financial position.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell, and from a change in fair value less estimated costs to sell, are recognised in the surplus or deficit.

The costs to maintain forestry assets are recognised in the surplus or deficit when incurred.

Creditors and Other Payables

Creditors and other payables are initially measured at the amount payable.

Employee Entitlements

Short-term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term Employee Entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach

the point of entitlement, and contractual entitlement information, and
- The present value of the estimated future cash flows.

Other Provisions

HRC recognises a provision for future expenditure of uncertain amount or timing; when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that expenditures will be required to settle this obligation, and a reliable estimate of the amount can be determined. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities, unless HRC has an unconditional right to defer settlement of the liability for at least 12 months after balance date, or if expected to be settled within 12 months.

Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Equity

Equity is the community's interest in HRC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve
- Restricted reserves
- Insurance infrastructure reserve, and
- Retained earnings

Asset Revaluation Reserves

These reserves relate to the revaluation of property, plant and equipment to fair value. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

Fair value through other comprehensive revenue and expense

These reserves relate to the revaluation of financial assets to fair value. This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense.

Restricted reserves

These reserves are a component of equity generally representing a particular use to which various parts of equity were assigned. Use of these reserves may be legally restricted or created by legislation or HRC.

Restricted reserves are those subject to specific conditions as binding by HRC, and which may not be revised by HRC without reference to the Courts or a third party. Transfers from these reserves may be made only

for certain specified purpose or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Infrastructure insurance reserve

Following the earthquake events in Christchurch and Kaikoura, our ability to insure our infrastructure assets has reduced considerably, as we have been unable to reinsure with one of our commercial providers.

Accordingly, we have a level of rating to build reserves to provide for a level of self-insurance against our assets that now have limited or no insurance cover.

Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

The budget figures are those approved by HRC at the beginning of the year in the LTP/Annual Plan. The budget figures were prepared in accordance with NZ GAAP, using accounting policies that are consistent with those that are adopted by HRC for preparation of the financial statements. For presentational purposes, some additional budget figures have been included to provide better information.

Cost Allocation

The cost of service for each project group has been derived using the cost allocation system outlined below:

- Direct costs are those costs identified as being directly attributable to a project group and are charged directly to that project group.
- Indirect costs are those costs that cannot be identified, in an economically feasible manner, as contributing directly to a project group. Instead, these are charged to project groups using appropriate cost drivers, including actual usage, staff numbers, floor area, and telephone and computer units.

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, HRC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, e.g., HRC, could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by HRC adhering to maintenance requirements included in asset management plans currently in force to ensure design standards are adequately maintained;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the assets will be depreciated. These estimates can be impacted by local conditions, for example, weather patterns, population and/or traffic growth. To minimise this risk, HRC's infrastructural assets' useful lives were determined in conjunction with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering (NAMS) Group.

Senior engineering staff working in the river and drainage area initially revise infrastructural asset valuations, and their methodology is then subject to peer review and also reviewed by experienced independent valuers.

Fair value of the CentrePort Investment

This has been valued using advice from a third party with expertise in valuing this kind of asset. Further information on the estimates can be found in note 16.

Fair value of the Investment Property

This has been valued using advice from a third party with expertise in valuing this kind of asset. Further information on the estimates can be found in note 17.

Critical Judgement in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of Property

HRC owns properties that are currently rented as residential accommodation. The receipt of market-based rental from these is incidental to holding them, as the properties are held for service delivery and activity programmes. The properties are accounted for as property, plant and equipment.

Fair value of the Investment Property

This has been valued using advice from a third party with expertise in valuing this kind of asset. The fair value model has been used for valuing the property. The valuers utilise an income capitalisation approach referred to as lease of the property.

Capital Management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long-term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Statement of Contingencies and Commitments as at 30 June 2025

Contingent Liabilities

Forestry

HRC has an investment in pre-1990 forestry, and although HRC may have potential liability for deforestation penalties should these be harvested and not replanted, HRC does not consider these to be significant.

As the obligation to surrender carbon credits only arises on deforestation, Council has elected to not recognise a liability for the surrender of its carbon units while the forests continue to grow. If the forests were harvested today, an estimated liability to surrender carbon credits of $3.74 million exists (2024: $4.05 million).

Council has an agreement with landowners that on harvest, a share of the net harvest proceeds after the trees have been harvested and sold is payable to the landowners. Council has not recognised a liability for the landowners' share of net proceeds until the harvest event occurs and, therefore, net proceeds have eventuated.

Council has an agreement with some landowners that any excess residual carbon credits will be shared between Horizons and the landowner. Council has not recognised a liability for the landowner's residual carbon credits until our forests are harvested.

Local Government Funding Agency (LGFA)

Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current rate from Standard and Poor's of AAA and a foreign currency rating of AA+.

As at 30 June 2025, Council is one of 77 local authority guarantors of the LGFA. Also, together with the other shareholders and guarantors, Council is a guarantor of all the LGFA's borrowings. The LGFA's loans to local authorities are $26 billion (2024: $23 billion), of which the Group and Council have borrowed $0.079 billion (2024: $0.072 billion). As a result, the Group and Council's cross-guarantee on LGFA's loans to other local authorities is $26 billion (2024: $23 billion).

PBE Accounting Standards require the Group and Council to recognise the guarantee liability at fair value. However, the Group and Council have been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. The Group and Council consider the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt default events in New Zealand; and,
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Mutal Liability Riskpool Scheme

Horizons Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The scheme is in wind-down; however, Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes each year as limitation periods expire.

However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point, any potential liability is unable to be quantified.

There are no other contingent liabilities.

Contingent Assets

HRC has no significant contingent assets at balance date (last year nil).

Associate/Subsidiary Contingent Liabilities

There are various claims that HRC are currently contesting, which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which HRC have a responsibility to the claimant. The possibility of any new outflows in settlement in these cases is assessed as remote.

Liabilities of Associates/Subsidiaries which the Group is Severally Liable

There are no liabilities for which HRC is severally liable (last year nil).

Operating Lease Commitments

HRC has an operating lease commitment as Lessee as at 30 June 2025 relating to leasing of printers and photocopiers (same as last year).

HRC also has an operating lease commitment as Lessee for land leased for the Whanganui Service Centre, and building leases at 17-23 Victoria Avenue, Palmerton North, 47 Queen Street, Palmerston North, and from 1 May 2023, 61 Pascal Street, Arena 1, Palmerston North. Total commitment for this as at 30 June 2025 is $1.571 million (last year $0.495 million) as summarised in the following table:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		181 Guyton Street, Whanganui (Whanganui Service Centre)		
27	27	Less than and up to one year	65	65
109	109	Two to five years	261	261
29	29	Greater than five years	5	5
165	**165**	**Total**	**332**	**332**
		17-23 Victoria Avenue, Palmerston North (Te Ao Nui)		
90	-	Less than and up to one year	249	-
-	-	Two to five years	852	-
-	-	Greater than five years	-	-
90	**-**	**Total**	**1,101**	**-**
		47 Queen Street, Palmerston North		
36	36	Less than and up to one year	46	46
-	-	Two to five years	-	-
-	-	Greater than five years	-	-
36	**36**	**Total**	**46**	**46**
		61 Pascal Street, Arena 1, Palmerston North		
111	111	Less than and up to one year	93	93
93	93	Two to five years	-	-
-	-	Greater than five years	-	-
204	**204**	**Total**	**93**	**93**
495	**405**	**Total Leases**	**1,571**	**470**

There are general operating land lease commitments for HRC as Lessors, primarily in respect of river and drainage scheme land leased out for agricultural purposes. Total commitments for Council and Group for these as at 30 June 2025, are $5.459 million (last year $4.878 million) as summarised in the following table.

HRC has a ground lease to MWRC Holdings Ltd for 17-23 Victoria Ave, Palmerston North. Total commitment as Lessee for this at 30 June 2025 is $6.313 million (last year $6.544 million) as summarised in the following table.

There are operating lease commitments for MWRC Holdings Ltd as Lessors in respect of properties at 28 North Street, Palmerston North, 17-23 Victoria Ave, Palmerston North, and 40 Bowen Street, Feilding. Total commitments for these as at 30 June 2025 are $7.706 million (last year $9.690 million) as summarised in the following table.

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		General Operating Land Leases		
874	874	Less than and up to one year	944	944
2,586	2,586	Two to five years	2,895	2,895
1,419	1,419	Greater than five years	1,620	1,620
4,878	**4,878**	**Total**	**5,459**	**5,459**
		17-23 Victoria Ave, Palmerston North (Te Ao Nui)		
231	1,643	Less than and up to one year	231	1,657
924	5,283	Two to five years	924	3,737
5,388	99	Greater than five years	5,157	-
6,544	**7,026**	**Total**	**6,313**	**5,394**
		28 North Street, Palmerston North		
-	284	Less than and up to one year	-	284
-	546	Two to five years	-	262
-	-	Greater than five years	-	-
-	**830**	**Total**	**-**	**546**
		40 Bowen Street, Feilding		
-	150	Less than and up to one year	-	160
-	600	Two to five years	-	640
-	1,084	Greater than five years	-	966
-	**1,834**	**Total**	**-**	**1,766**
11,422	**14,568**	**Total Leases**	**11,771**	**13,165**

No restrictions are placed on the Council and Group by any of the operating leasing arrangements.

No contingent rents have been recognised.

Land property is leased under operating leases. The average lease period is 10 years, and some have the option to renew these leases.

Capital Commitments

Capital commitments, for which a contract has been signed, but the work has not yet been completed.

Council Actual 2023-24	Group Actual 2023-24		Council Actual 2024-25	Group Actual 2024-25
173,667	173,667	North Mole and Revetment Upgrade - Te Pūwaha	-	-
18,150	18,150	Te Pūwaha - South Mole and Tanea Groyne	-	-
66,696	66,696	Te Pūwaha - South Spit	3,755,555	3,755,555
29,910	29,910	Te Pūwaha - Other	-	-
-	-	Tokomaru Stopbank Widening	8,407	8,407
774,170	774,170	Koputaroa Stream Stopbank Refurbishment - Stage 2	359,992	359,992
47,247	47,247	Rangitīkei Shovel Ready	-	-
1,223,067	1,223,067	Te Matai Road Rock Armouring	352,696	352,696
22,977	22,977	Albert Street Rock Protection	-	-
69,429	69,429	Foxton Flood Mitigation	133,089	133,089
390,759	390,759	Moutoa Floodway Gates Upgrade	112,970	112,970
14,138	14,138	Belvedere Crescent Upgrade	25,057	25,057
223,532	223,532	Tremaine Avenue Gabion Basket Replacement	75,538	75,538
-	-	Moutoa Wetgates	406,335	406,335
-	-	Rangiotu Floodgates	4,248	4,248
3,053,742	**3,053,742**	**Total Capital Commitments**	**5,233,887**	**5,233,887**

Other Notes on Commitments

There are other minor operating expenditure commitments for orders and hire contracts at balance date but these are immaterial.

Council is committed to several projects partially funded from central government. The life of these projects is multiple years and for varying dollar amounts. The projects are Climate Resilience projects on the Lower Manawatū River, Rangitīkei River and Foxton East Drainage Schemes. Council is also involved in the Lower Whanganui Port Revitalisation project as well as the Jobs 4 Nature project. Central government is funding these projects via either the Provincial Growth Fund or the COVID-19 Response and Recovery Fund.

Notes to the Financial Statements (continued)

1. Rates Revenue

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		General Rates		
25,403	25,403	General Rates	28,550	28,550
5,496	5,496	Uniform Annual General Charge	4,881	4,881
		Targeted Rates		
10,417	10,417	Environmental Activities	10,317	10,317
11,676	11,676	River and Drainage Scheme Activities	12,849	12,849
5,088	5,088	Transport Scheme Activities	8,133	8,133
(168)	(168)	Remissions	(146)	(146)
1,081	1,081	Penalties	1,436	1,436
-	-	Discounts	-	-
58,993	**58,993**	**Total Rate Revenue (net of remissions)**	**66,020**	**66,020**

Rating Units	Actual 2023-24	Actual 2024-25
Number of rating units (SUIP)*	113,848	114,763
Total capital value of rating units ($million)	95,763	96,070
Total land value of rating units ($million)	55,972	59,767

*Separately Used or Inhabited Part

The above rating-base information is disclosed based on the rating-base information at the end of the **preceding** financial year.

2. Subsidies, Grants and Donations

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
10,908	10,908	Transport Subsidy	12,565	12,565
910	910	SLUI - Hill Country Erosion	910	910
1	1	Freshwater Improvement*	2,464	2,464
7,242	7,242	COVID Recovery Projects	8,317	8,317
1,055	1,055	Wilding Conifer	554	554
1,300	1,300	Provincial Growth Fund	-	-
502	502	CRU Resilience Fund	2,846	2,846
151	151	Other	98	98
22,069	**22,069**	**Total Subsidies, Grants, and Donations**	**27,754**	**27,754**

*The Freshwater Improvement funding has transitioned from being grouped with COVID Recovery in the past to Freshwater Improvements as the projects have come to an end.

There are no unfulfilled conditions or other contingencies attached to subsidies recognised.

3. Finance Revenue and Costs

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		Finance Revenue		
1,739	969	Interest Revenue	1,898	1,039
1,637	1,752	Dividend Revenue	1,393	2,566
-	-	Interest Derivatives	-	-
3,376	**2,721**	**Total Finance Revenue**	**3,291**	**3,605**
		Finance Costs		
131	131	Interest Derivatives	733	733
3,081	3,083	Interest Expense	3,286	3,287
(54)	(54)	Provision Unwinding	26	26
3,158	**3,160**	**Total Finance Costs**	**4,045**	**4,046**
218	**(439)**	**Net Finance Costs**	**(754)**	**(441)**

4. Other Revenue

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
4,871	4,871	Consents, compliance and research charges	4,955	4,955
142	142	Insurance recoveries	-	-
1,188	2,896	Rental revenue	2,014	3,896
847	847	Nursery sales	748	748
380	-	Gain/(loss) on revaluations	-	417
329	329	Gain on disposal of assets	1,769	1,769
2,156	2,156	Recognition of carbon credits	2,269	2,269
6,535	6,338	Other	4,224	3,998
16,448	**17,579**	**Total other revenue**	**15,979**	**18,052**

5. Exchange versus Non-Exchange Revenue

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
4,597	5,650	Exchange Revenue	5,341	7,537
96,289	95,712	Non-exchange revenue	107,701	107,893
100,886	**101,362**	**Total Revenue**	**113,042**	**115,430**

Exchange revenue includes interest, dividends, leases, and other revenue not subsidised by rates. Non-exchange revenue includes rates, grants, fees and charges that are part subsidised by rates.

6. Other Expenses

The Chief Executive approved the write-off of rates receivable during the year under the Local Government Rates Act 2022 as follows:

- Section 90A: $86,016 (2024: $70,088)
- Section 90B: $0 (2024: $90,296)

Where Section 90A is a write-off of rates that cannot be recovered.

Where Section 90B is a write-off of rates of deceased owners of Māori freehold land.

These have been included as separate line items in the schedule of other expenses.

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		Fees incurred for services provided by our audit firm		
229	277	Audit of financial report	247	298
6	6	Audit of related services: Assurance engagement in relation to the Debenture Trust Deed	6	6
106	106	Audit of the 2024-34 Long-term Plan including Amendment	30	30
341	**389**	**Total fees incurred for services provided by the audit firm**	**283**	**334**
371	371	Loss on revaluation/asset Impairment	1,644	1,644
2,403	2,403	Carbon credits surrendered	671	671
-	-	Change in impairment of receivables (decrease)	(1)	(1)
1,450	1,538	Consulting services	2,610	2,641
19,616	19,624	Contractor services	18,010	18,159
397	397	Donations/grants/sponsorship	323	323
964	964	Environmental consumables	941	941
4,366	4,366	Environmental grants	3,600	3,600
2,150	2,354	Insurance	2,548	2,775
304	304	Inventories used	178	178
691	691	Laboratory charges (external)	781	781
1,331	1,341	Legal expenses	898	900
346	416	Light heat and power	354	417
1,569	1,569	Loss on disposal of assets	326	326
1,141	3,225	Loss on revaluation (including forestry)	1,009	1,009
944	944	Members fees and expenses	995	995
446	446	Nursery purchases	293	293
656	213	Operational lease expenditure	742	451

398	524	Rates paid	437	601
70	70	Rates Receivables actually written off	86	86
90	90	Rates written off on Māori land	-	-
-	-	Rates penalties written off on Māori land	-	-
1,376	1,376	Software purchases	1,563	1,563
4,439	4,439	Technical services	3,265	3,265
14,553	14,553	Transport Subsidies	19,357	19,357
129	129	Valuation and land data management	231	231
484	484	Vehicle fuel	451	451
320	320	Vehicle repairs & maintenance	410	410
5,715	6,130	Other operating expenses	6,107	6,425
67,060	**69,670**	**Total Other Expenses**	**68,112**	**68,826**

7. Councillors' Remuneration

Council Actual 2023-24						Council Actual 2024-25				
	Expenses						Expenses			
Remuneration	Communications	Mileage	Travel Time	Meals/Misc		Remuneration	Communications	Mileage	Travel Time	Meals/Misc
59,162	1,550	1,223	320	-	Benbow A	61,309	1,550	2,935	520	-
54,279	-	-	-	-	Clarke E	51,091	-	-	-	-
49,302	1,550	1,173	404	59	Cotton DB	51,091	-	1,708	540	-
49,302	1,550	8,994	5,160	-	Edmonds JT	51,091	1,550	7,356	2,151	-
59,162	1,550	6,945	1,943	298	Ferguson S	61,309	1,550	7,716	1,950	42
49,302	1,550	3,435	740	-	Gordon EB	51,091	1,550	3,397	720	-
49,302	1,550	409	80	4,408	Gordon F	51,091	1,550	-	-	-
147,879	-	-	-	-	Keedwell R-J (Chair)	153,194	850	-	-	-
49,302	1,550	2,709	96	-	McKellar GM	51,091	-	523	-	-
61,627	1,550	-	-	-	Naylor JM	63,863	1,550	98	7	-
49,302	1,550	14,085	5,629	-	Riley NM	51,091	1,550	12,251	3,525	-
59,162	1,550	5,592	2,120	31	Taylor AR	61,309	-	8,658.62**	2,973.33**	170**
49,302	1,550	2,605	283	-	Te Awe Awe WK	51,091	1,550	1,276	-	-
49,302	1,550	6,238	732	305	Teira T	61,172*	1,550	8,381	1,028	-
835,687	**18,600**	**53,407**	**17,507**	**5,101**	**Total Councillors' Remuneration**	**870,882**	**14,800**	**54,299**	**13,413**	**212**

*Includes back-pay of $2,418 for appointment as Integrated Catchment Committee Deputy Chair, effective 24 February 2024.

** Includes late payments made during the current financial year in relation to expenses incurred for previous year, but not accrued back.

Expenses incurred by Councillors for 2024-25			
Accommodation for HRC Meetings		**Conference Costs**	
Edmonds JT	3,577	Taylor AR	1,456
Taylor AR	161	Benbow A	1,400
		Gordon EB	125
		McKellar GM	1,400
		Edmonds JT	200
		Naylor JM	131
		Riley NM	354
		Keedwell RJ	3,582
		Ferguson S	2,125
		Teira T	366
		Te Awe Awe WK	3,317

8. Personnel Costs

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
376	376	Chief Executive total remuneration	385	385
28,738	**28,738**	**Total employee benefits**	**30,606**	**30,606**
(506)	(506)	Less Capitalised Labour	(1,030)	(1,030)
801	801	Defined contribution plan employer contributions	879	879
334	334	Movement in employee entitlements	34	34
29,366	**29,366**	**Total Personnel Costs**	**30,489**	**30,489**

Additional Personnel Disclosures

Council Actual 2023-24			Council Actual 2024-25
	At 30 June HRC employed:		
268	Fulltime staff		255
31.6	FTE (Full time equivalent) part-time and casual staff		47.0
299.6	**Total FTEs**		**302.0**
	Number of employees by remuneration (contracted) band as at 30 June:		
48	<$60,000	<$60,000	30
90	$60,000 - $79,999	$60,000 - $79,999	75
103	$80,000 - $99,999	$80,000 - $99,999	106
55	$100,000 - $119,999	$100,000 - $119,999	69
13	$120,000 - $139,999	$120,000 - $139,999	23
11	$140,000 - $159,999	$140,000 - $159,999	10
6	$160,000 - $259,999	$160,000 - $259,999	8
2	$260,000 - $399,999	$260,000 - $399,999	2
328	**Total Employees**	**Total Employees**	**323**

There was one severance payment made this year, equating to $44,122 (last year, nil payments, equating to $nil).

Total remuneration includes any non-financial benefits provided to employees.

At balance date, Council employed 255 (last year: 268), with the balance of staff representing 47.0 (last year: 31.6) full-time equivalent employees. A full-time employee is based on a 40-hour working week.

9. Related Party Transactions

- Related party disclosures have not been made for transactions with related parties that are:
  - Within a normal supplier or client/recipient relationship; and
  - On terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.
- Further, no disclosure has been made for transactions with entities within the Council and Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and on normal terms and conditions for such group transactions.

10. Key Management Personnel Compensation

Council Actual 2023-24		Council Actual 2024-25
	Councillors	
836	Remuneration ($000)	877
14	Full-time equivalent members	14
	Senior Management Team including Chief Executive	
1,423	Remuneration ($000)	1,481
5	Full-time equivalent members	5
2,259	Total Remuneration ($000)	2,358
19	Total Full-time equivalent members	19

Key management personnel include the chair, councillors, chief executive and group managers. Remuneration includes employer KiwiSaver contributions and vehicle allowances.

Due to the difficulty in determining the full-time equivalent for councillors, the full-time equivalent figure is taken as the number of councillors.

11. Council Controlled Organisations (CCOs)

Report on HRC's Council Controlled Organisations (CCOs) and Council Controlled Trading Organisation (CCTO)

(i) MW LASS Limited (MW LASS) – Exempt CCO

During the 2024-25 financial year, HRC made full use of a number of initiatives undertaken by MW LASS. Continued savings were made by collaborating in the procurement of insurance services. Shared procurement continued for vehicle GPS tracking and booking system, the sharing of valuation data and shared service debt collection business unit for the collection of Council's and TA's debt. The debt collection unit continued to grow, adding 8 new non-member councils, taking the total Council membership to 41.

As MW LASS remains an exempt CCO, no reporting against a Statement of Intent (SOI) is required.

(ii) MWRC Holdings Limited (MWRCH)

MWRCH was established to hold equity investments formerly held by HRC. MWRCH has maintained a regular schedule of meetings, including both management and financial reporting.

The targets included in the SOI for the year were:

Provide a minimum cash return on investment to Council of 65% of net profit after tax

This measure was not achieved. (Achieved 2023-24).

Operate within agreed budgets

Revenue is below budget, and expense is over budget due to unbudgeted loss on investment property revaluation.

Maintain the following financial performance targets

Target	Actual 2023-24	Target 2024-25	Actual 2024-25
Net Profit Before Tax	(364)	2,455	2,955
Income Return on net Assets*	(0.49%)	2.90%	3.73%
Return on Investments excluding non-commercial properties**	(0.84%)***	5.00%	10.60%
Dividend (excluding subvention payments)	1,500	2,049	1,250
Debt Repayment	-	-	-

*Income return on net assets is calculated as the net profit before tax divided by net assets.

**Non-commercial investments include CentrePort shareholding, 3 Victoria Avenue, 7 Victoria Avenue and 184 Grey Street.
***The calculation of this KPI has been updated to align with the Statement of Intent, reflecting return on investments excluding non-commercial properties. This comparative figure has been added for consistency with current year reporting.

(iii) Regional Software Holdings Limited (RSHL)

The following information has been obtained from the RSHL Annual Report for the period ending 30 June 2025.

RSHL was incorporated on 17 October 2012 and is owned by a number of regional councils. HRC's holding is 15.5% of the total shares. The primary objective of RSHL is to provide a framework for collaboration between the regional councils and to support procurement or development of software resources and services that provide a more cost-effective alternative to what councils can achieve individually.

HRC's investment has been managed by participation in regular meetings and consultations with other shareholders regarding funding and programme development.

The following performance measures were incorporated into the Statement of Intent for the 2024-25 financial year:

Programmes and performance measures	**2024-25 Performance**
Programme Delivery - We will manage our programmes to a high standard	
All projects and programmes will follow an appropriate approval pathway for their size, scope and complexity.	The Data Emissions Platform Project, the Public Transport Ticketing Programme and the Planning Management System Project all followed an appropriate approval pathway for their size, scope and complexity.
All programmes will have an effective governance structure appropriate to the size and complexity of the programme.	IRIS NextGen, IRIS, Te Uru Kahika Hosting, Local Data Emissions Platform, WellsNZ, EDMS (discontinued) and the Public Transport Ticketing Programme all had an effective governance structure appropriate to the size and complexity of the programme.
All programmes will have an effective planning process. Draft plans and budgets will be set before 1 March; final plans and budgets will be set by 30 June.	IRIS NextGen, IRIS, Te Uru Kahika Hosting, Local Data Emissions Platform, WellsNZ, and the Public Transport Ticketing Programme all had effective planning processes, with draft plans and budgets set and final plans and budgets in place by 30 June.
All programmes will meet agreed delivery targets set by the programme governance group each year. Annual performance surveys will be completed with participating councils. Survey feedback will be considered and actioned where appropriate – including sharing feedback with the Board.	IRIS NextGen - The performance measures for IRIS NextGen are documented in the IRIS NextGen Partnership Agreement. The agreement is between RSHL and the participating councils. The last survey for IRIS NextGen was completed in May 2024. With the programme undergoing significant disruption, we elected not to complete another survey in November 2024. The next survey will be in November 2025.
Te Uru Kahika - We will deliver high-quality services to Te Uru Kahika	
We will review and agree performance targets with	**Financial/Operations Management**

Te Uru Kahika annually as part of the planning and budgeting process. We will meet or exceed agreed performance targets. Results will be agreed with Te Uru Kahika Executive Advisor and shared with RCEOs Group and Board.	Delivered procurement and contract management. **Compliance** Ensured compliance with local government legislation. **Fund Management and Accountabilities** In FY24, RSHL managed $5.1M of funding for Te Uru Kahika, including $0.36M in funding from central government. All income and expenditure are ringfenced in financial systems. **Vendor Management** Most services contracts for Te Uru Kahika are time and materials engagements. Managed a number of vendors that support Te Uru Kahika Activities. **Operation of shared services/solutions** Operated a range of services for Te Uru Kahika. Each service has an appropriate governance and operating model. **Employment of Staff** Provided employment services for 10 Te Uru Kahika staff. **Programme Management** Managed the close of two programmes for Te Uru Kahika. Supported the development of feasibility studies for multiple Te Uru Kahika projects
Operational Excellence - We will set a high standard for the governance and management of the company	
We will operate within approved budget, with any material variations approved by the board.	Partially Achieved – RSHL operated within approved budgets for all programmes but with some variations approved by the board.
We will meet all statutory governance and reporting deadlines.	All statutory governance, planning, and reporting deadlines were achieved.
The board will operate according to the Institute of Directors' Code of Practice.	The Board completed an independent review of governance arrangements, including the following: • Purpose and strategy: the Board has refreshed the Organisational Strategy and developed a 3-year strategic plan. • Governance practices and documentation: the Board has adopted a new charter and code of conduct, increased meeting frequency to monthly, and reviewed the board pack to ensure management reports are consistent with board requirements, strategic roadmap and associated priorities. • Decision authorities and accountability: the Board has updated the Delegated Authority (and related policies) and updated the standard agreements that underpin activities. • Director capability and engagement: The Board has appointed an independent chair.

For further detail please refer to the RSHL Annual Report for the year ended 30 June 2025.

12. Cash and Cash Equivalents

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
4,224	6,567	Cash at bank and on hand	3,350	4,197
-	-	Term deposits with original maturities less than 3 months	-	-
4,224	**6,567**	**Total Cash and Cash Equivalents**	**3,350**	**4,197**

13. Trade and Other Receivables

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
4,499	4,499	Rates Receivables	4,693	4,693
4,398	4,560	Trade and Other Receivables	4,207	4,389
469	129	Due from related parties	502	171
723	693	GST receivable	1,051	1,024
(1)	(1)	Allowance for credit losses	-	-
10,088	**9,880**	**Total Trade and Other Receivables**	**10,453**	**10,277**

Trade and other receivables are non-interest bearing, and receipt is normally on 30 day terms; therefore, the carrying amount of trade and other receivables approximates their fair value.

Council	2023-24 $000			2024-25 $000		
	Gross	Impair	Net	Gross	Impair	Net
Not past due	3,804	-	3,804	5,138	-	5,138
Past due 1-30 days	147	-	147	111	-	111
Past due 31-90 days	642	-	642	260	-	260
Past due >90 days	5,496	(1)	5,496	4,942	-	4,942
	10,089	**(1)**	**10,089**	**10,452**	**-**	**10,452**
Exchange	117	-	117	169	-	169
Non-exchange	9,972	(1)	9,972	10,283	-	10,283
	10,089	**(1)**	**10,089**	**10,452**	**-**	**10,452**
Group	**9,881**	**(1)**	**9,880**	**10,277**	**-**	**10,277**

Exchange receivables include lease revenue and services not subsidised by rates. Non-exchange receivables include outstanding amounts of rates and grants that are partly subsidised by rates.

In addition to these receivables, outstanding fines due to HRC of $0.044 million (last year $0.064 million) are detailed on page 164. Due to HRC's inability to enforce recovery of these amounts, they are not included as receivables in the financial statements.

Council does not provide for ECLs on rates receivables. Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ECL rates for other receivables are based on the profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2024 in the estimation techniques or significant assumptions in measuring the loss allowance. The allowance for credit losses based on the Council and the Group's credit loss matrix is as follows:

	Current	1 to 30 days	31 to 90 days	More than 90 days	Total
Council - 30 June 2025					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	
Gross Receivable amount ($000)	5,138	111	260	234	5,743
Lifetime ECL	-	-	-	-	-
Group - 30 June 2025					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.00%	
Gross Receivable amount ($000)	4,970	122	268	234	5,594
Lifetime ECL	-	-	-	-	-
Council - 30 June 2024					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.27%	
Gross Receivable amount ($000)	3,804	147	642	274	4,867
Lifetime ECL	-	-	-	1	1
Group - 30 June 2024					
Expected Credit Loss Rate	0.00%	0.00%	0.00%	0.27%	
Gross Receivable amount ($000)	3,623	160	631	275	4,689
Lifetime ECL	-	-	-	1	1

Movements in the allowance for credit losses as follows:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
(1)	(1)	Opening balance for credit losses at 1 July	(1)	(32)
-	-	Additional provisions made during the year	-	-
-	-	Provisions reversed during the year	-	-
-	-	Receivables written off during the year	1	1
(1)	**(1)**	**Total ECL**	**-**	**(31)**

14. Prepayments and Leases

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
125	125	SLUI Land Leases	109	109
898	970	Other Prepayments	1,209	1,284
1,023	**1,095**	**Total Current Prepayments and Leases**	**1,317**	**1,392**
1,914	**1,914**	**Prepaid SLUI Land Leases Non-Current Portion**	**1,526**	**1,526**

15. Inventory

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
1,903	1,903	Opening inventory	2,020	2,020
421	421	Purchases and associated costs	78	78
2,324	**2,324**		**2,098**	**2,098**
(304)	(304)	Inventories used in activities	(178)	(178)
2,020	**2,020**	**Closing inventory**	**1,920**	**1,920**

No inventories are pledged as security for liabilities (last year nil). There have been no write-downs of inventory during the year nor reversals of previous write-downs.

16. Other Financial Assets

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Current Portion				
-	-	Term deposits with original maturities of 4-12 months	-	-
-	-	Loans to subsidiaries and associates	1,000	-
9	9	Derivatives (current)	-	-
216	216	LGFA deposit	370	370
225	**225**	**Total current portion**	**1,370**	**370**
Non-current Portion				
		Investments in CCOs and other similar entities		
2	2	Civic Financial Services Ltd (previously NZ Local Government Insurance Corporation Ltd)	2	2
16	16	MW LASS Ltd	16	16
798	798	Regional Software Holding Ltd	798	798
31,500	-	MWRC Holdings Ltd	31,500	-
18,500	-	Loan to CCO	17,500	-
1,087	1,087	LGFA deposit	1,768	1,768
51,903	**1,903**	**Total Investments in CCOs and other similar entities**	**51,584**	**2,584**
		Investments in other entities		
-	63,000	Unlisted shares in CentrePort Ltd	-	66,700
3,999	3,999	Listed share portfolio - Forsyth Barr (previously Hobson Wealth)	4,144	4,144
3,999	**66,999**	**Total Investments in other entities**	**4,144**	**70,844**
		Other		
711	711	Derivative financial instruments	-	-
711	**711**	**Total Other**	**-**	**-**
56,613	**69,613**	**Total non-current portion**	**55,728**	**73,428**
56,838	**69,838**	**Total Other Financial Assets**	**57,098**	**73,798**

The carrying amount of term deposits approximates their fair value. There were no impairment expenses or provisions for other financial assets. None of the financial assets is either past due or impaired.

The listed share portfolio with Forsyth Barr is a portfolio of investments made up of New Zealand and international shares. These are listed equities and have been valued using their quoted market price at balance date.

Fair value of the CentrePort Ltd

Overview

Horizons Regional Council owns 23.08% of the issued shares of CentrePort Limited through its wholly owned subsidiary, MWRCH Holdings Limited (MWRCH). The balance of the shares is owned by Greater Wellington Regional Council (GWRC). Each year, MWRCH engages an independent third party to assess the fair value of this shareholding and provide an indicative valuation range of the carrying value of the investment.

KPMG was engaged to assess the fair value of this shareholding and provide an indicative valuation range for the investment's carrying value for FY 2025.

KPMG has adopted a discounted cash flow (DCF) method as the primary valuation methodology for valuing 100% of CentrePort, supported by sensitivity analysis and cross-referencing with market multiples for capitalisation of earnings. KPMG also applies a minority discount for the lack of control, reflecting the nature of Horizons' minority shareholding.

The valuation relies on the following information provided by CentrePort management:

- CentrePort Quarterly Reports (FY25 Q1, FY25 Q2, FY25 Q3)
- CentrePort FY26-28 three-year financial forecast

- CentrePort group 10-year forecast – August 2024
- Constitution of CentrePort
- CentrePort Group reports and discussions with CentrePort and Horizons management.
- CentrePort's audited Annual Reports for FY2022 to FY2024;
- CentrePort's interim financial statements for FY2025; and
- CentrePort's draft statement of corporate intent (SCI) for FY2026-28.

The indicative valuation range for Horizons' 23.08% shareholding in CentrePort is $54.0 million to $66.7 million as at 30 June 2025, with a midpoint of $60.1 million. This valuation reflects an implied multiple of 8.4x FY25 EBITDA and 7.6x FY26 EBITDA, positioning CentrePort between the lower-quartile and median of comparable companies.
The Directors updated the carrying value of the Council's shareholding in CentrePort to $66.7 million as of 30 June 2025, after reviewing independent valuation advice from KPMG and considering current economic conditions, including the impact of inflation and interest rates. This value is the top end of the valuation range provided by KPMG.

It was noted that a 23.08% share of CentrePort's forecasted net assets is valued at $117.3 million. Applying a higher minority discount rate of 32.5% results in a value of $79 million, which this year sits above the indicative valuation range provided. On that basis, no allowance for Expected Credit Loss has been made.

KPMG applied a minority discount of 27.5% to 32.5% due to the lack of control over the operations of CentrePort by Horizons, given that the majority shareholder (GWRC) has a controlling interest. This discount reflects the reduced influence Horizons has over key strategic decisions, dividend policies, and operational management.

Impact of the 2016 Kaikoura Earthquake on investment

As reported in previous Annual Reports, the November 2016 Kaikoura earthquake resulted in significant damage to CentrePort's assets and business. The rebuild still involves some uncertainty about future business operations and the capital expenditure required to restore or develop the port. However, the Company's plans have advanced.

CentrePort is actively working on a comprehensive "Regeneration Plan" and has initiated discussions with its shareholders and public consultations regarding these plans. A key focus of the Regeneration Plan is enhancing the port's operational resilience. This includes upgrading infrastructure to better withstand future seismic events, integrating more robust supply chain systems, and improving overall operational efficiency. The plan also features investments in electrification and renewable energy to ensure long-term sustainability and resilience.

The green credit facility from New Zealand Green Investment Finance (NZGIF) supports these resilience efforts by funding low-carbon projects such as the introduction of electric vehicles and on-site renewable energy generation. These initiatives not only reduce the port's carbon footprint but also contribute to a more resilient and efficient operational framework.

Despite the ongoing development of the Regeneration Plan, capital expenditure forecasts remain somewhat uncertain until the process is fully completed.

Uncertainties in the valuation advice

The Directors note that there remains a high degree of uncertainty in CentrePort's future capital expenditure and financial performance, which

may impact the value ultimately realised by shareholders. The latest valuation advice provided a range of $54.0 million to $66.7 million, with the Directors adopting a carrying value of $66.7 million. This represents the top end of the valuation range provided by KPMG.

Key uncertainties highlighted by KPMG include:

- CentrePort's operations continue to be affected by volatility in financial markets, inflationary pressures, and broader macroeconomic trends.
- The significant capital expenditure required for rebuilding and redevelopment adds substantial uncertainty to the valuation.
- While CentrePort has made progress in planning for the SUT (Single Use Ferry Terminal), uncertainty remains around the timing, scale, and return on investment of these capital projects.
- Some capital expenditure is expected to be non-revenue generating, particularly in relation to ground resilience and wharf renewal works, but is necessary to ensure the long-term operational sustainability of the port.
- Many elements of the capital programme, including the SUT project, remain subject to detailed business casing and shareholder approval.
- The valuation is based on financial forecasts covering the period 1 July 2025 to 30 June 2034, which rely on assumptions about future business performance and external conditions that may not materialise as expected.

Assumptions

KPMG's valuation advice is based on the following key assumptions:

- The valuation is as of 30 June 2025 and assumes no material change in the financial performance or position.
- CentrePort's investment property is valued at $96.7 million as of 30 June 2025
- A corporate tax rate of 28%, with tax being paid in the year incurred.
- The midpoint DCF valuation 8.4 x FY25 EBITDA and 7.6 x forecast FY26 EBITDA.
- Deferred tax liability adjustment reflects the present value of expected payments, with a nominal value of $22.7 million as of 30 June 2025.
- Deferred tax liability is assumed to unwind over 20 years and is treated as an operating liability with an adjustment made to Enterprise Value (EV).
- Debt to Enterprise Value Range assumed to be 20% to 30%, based on observed gearing levels in comparable companies and CentrePort's long-term borrowing intentions for growth.
- WACC range of 7.3% to 8.4%, with a mid-point of 7.8%, reflecting an increase due to the higher risk-free rate in the current interest rate environment.
- Capital expenditure related to resilience work is not expected to generate a return above WACC.
- An under- or overspend in capital expenditure (CAPEX) of +/- 15% over the forecast period, with EBITDA assumed to remain unchanged.
- A change in revenue of +/- 10% over the forecast period, with the EBITDA margin assumed to remain unchanged.

A minority discount of 27.5% to 32.5% has been applied to reflect Horizons' minority shareholding. This discount acknowledges Horizons' limited control over CentrePort's strategic direction and dividend policy, as well as GWRC's majority shareholding.

Sensitivity Analysis

KPMG conducted a sensitivity analysis to assess the impact of changes in key valuation drivers. The analysis explored the effects of changes to the following inputs:

- Weighted Average Cost of Capital (WACC): A 1% decrease in the WACC results in a valuation decrease of $3.6 million, while a 1% increase in the WACC results in a valuation increase of $3.9 million.
- Exit Multiple: A 1.0x decrease in the exit multiple applied in the terminal period results in a valuation decrease of $3.9 million, while a 1.0x increase in the exit multiple results in a valuation increase of $3.9 million.
- Minority Discount: A 5% decrease in the minority discount applied results in a valuation decrease of $4.3 million, while a 5% increase in the minority discount results in a valuation increase of $4.3 million.
- Capital Expenditure (Capex): A 15% decrease in capital expenditure over the forecast period, assuming no change in EBITDA, results in a valuation decrease of $5.6 million, while a 15% increase in capital expenditure results in a valuation increase of $5.6 million.
- Revenue: A 10% decrease in revenue over the forecast period, assuming the EBITDA margin remains unchanged, results in a valuation decrease of $7.3 million, while a 10% increase in revenue results in a valuation increase of $7.3 million.

The valuation advice, including calculating the discount rate, has been carried out by an independent third party (KPMG) with experience in valuing investments of this type.

17. Investment Property

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		28 North Street, Palmerston North		
-	3,450	Balance at 1 July	-	3,275
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	(175)	Revaluation as at 30 June	-	-
-	**3,275**	**Total North Street**	**-**	**3,275**
		17-23 Victoria Avenue, Palmerston North		
3,300	21,360	Balance at 1 July	3,680	19,580
-	-	Property purchased	-	-
-	-	Additions/Renovations	-	-
380	(1,780)	Revaluation as at 30 June	-	267
3,680	**19,580**	**Total 17-23 Victoria Avenue**	**3,680**	**19,847**
		3 Victoria Avenue, 7 Victoria Avenue & 184 Grey Street, Palmerston North		
-	-	Balance at 1 July	-	-
-	1,397	Property purchased	-	-
-	-	Additions/Renovations	-	-
-	(1,397)	Reclassification on consolidation	-	-
-	-	Revaluation as at 30 June	-	-
-	**-**	**Total 3 Victoria Avenue, 7 Victoria Avenue & 184 Grey Street**	**-**	**-**
		40 Bowen Street, Feilding		
-	2,200	Balance at 1 July	-	2,250
-	-	Property purchased	-	-
-	179	Additions/Renovations	-	-
-	(129)	Revaluation as at 30 June	-	150
-	**2,250**	**Total 40 Bowen Street**	**-**	**2,400**
3,680	**25,105**	**Total Investment Properties**	**3,680**	**25,522**

HRC and Group investment properties are valued annually at fair value effective 30 June. All investment properties were valued independently based on open market evidence. The valuations were performed by Peter Loveridge (FNZIV/FPINZ), Garry Dowse (FNZIV/FPINZ) and Taylor Archibald (BBS(VPM), MPINZ) of CBRE Limited. The Valuers have satisfied professional education requirements and are well-experienced in the locations and categories of properties being valued.

The valuers reiterate their conclusions in the Valuation report are based on data and market sentiment as at the date of valuation. Past experience has shown that market behaviour can rapidly change during periods of volatility.

For both Parent and Group, in determining the fair value, the valuers have utilised an income capitalisation and discounted cashflow approach, referred to the lease of the property. Yields are derived from analysis of comparable sales in the market. There are no known restrictions to the realisability of the investment property.

Where no lease is in place, in determining the fair value, valuers have utilised a market valuation approach by benchmarking it with comparable properties for which price information is available. Yields are derived from analysis of comparable sales in the market. There are no known restrictions to the realisability of the investment property.

Information about the revenue and expenses in relation to investment property is detailed below:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
132	2,015	Rental revenue	227	2,129
-	(823)	Expenses from investment property generating revenue	-	(772)
-	-	Expenses from investment property not generating revenue	-	-

18. Forestry

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		SLUI Forestry Development		
2,991	2,991	Balance at 1 July	1,574	1,574
49	49	Increases due to purchases	231	231
(325)	(325)	Decrease due to sale	(325)	(325)
(1,141)	(1,141)	Revaluation movement	(1,009)	(1,009)
1,574	**1,574**	**Balance at 30 June**	**471**	**471**
		Other Forestry Development		
386	386	Balance at 1 July	318	318
(1)	(1)	Increases due to purchases	-	-
-	-	Decrease due to sale	-	-
(67)	(67)	Revaluation movement	53	53
318	**318**	**Balance at 30 June**	**371**	**371**
1,892	**1,892**	**Total Forestry Value at 30 June**	**842**	**842**

SLUI forestry development is an integral part of delivering the Sustainable Land Use Initiative (SLUI). This activity is a targeted response to accelerated soil erosion in hill country and the downstream effects on our water quality and flood protection schemes. HRC works with landowners within target catchments to implement programmes to reduce hill country erosion.

Council owns SLUI Forestry of 928 hectares (1,085 in 2024) of net stocked area, which are at varying stages of maturity ranging from 10-17 years. They are on leased land with leases ranging from 30-35 years.

Other forestry development is planted on riverside land to minimise the land degradation in that location. Previously, this asset type was incorporated within the Infrastructural assets; however, as at 30 June 2019, a valuation was performed and the asset was reclassified and separately identified.

Valuation Assumptions

Independent registered valuer, Stuart Orme of Orme & Associates, valued the SLUI Forests, and Alan C Bell has valued the other forestry assets as at 30 June 2025. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 8% has been used for the other forestry assets and 7.5% for the SLUI forestry in discounting the present value of expected future cashflows;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- No allowance for inflation has been provided;
- Costs are current average costs; no allowance has been made for cost improvements in future operations; and
- Log prices are based on a three-year historical rolling average.

Forestry is held for the dual purpose of protection against soil erosion and for commercial purposes to make a gain.

Financial Risk Management Strategies

HRC and the Group are exposed to financial risks arising from changes in timber prices. They, as part of the SLUI programme, are long-term forestry investors and do not expect timber prices to decline significantly in the foreseeable future. For this reason, and due to the short life-to-date of the asset, no measures were taken to manage the risk of declining timber prices. When appropriate in the future, HRC and the Group will review its outlook for timber prices regularly in considering the need for active financial risk management.

19. Restoration Asset

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
2,325	2,325	Opening Balance as at 1 July	703	703
(180)	(180)	Amortisation	(101)	(101)
(237)	(237)	Disposal of Asset	(181)	(181)
(1,205)	(1,205)	Change in Value	(150)	(150)
703	**703**	**Closing Balance as at 30 June**	**271**	**271**

This asset is for capitalising our lessee interest in the land leases we have relating to our SLUI forests. Its initial value as at 30 June 2019 is based on the current costs to replant, which Council are obligated to do at harvest, inflated based on the years to harvest at inflation as at 30 June for various periods of 11-17 years, discounted back to present value based on the risk-free spot rate at 30 June. This is then amortised on a straight-line basis over the years to harvest, ranging from 11-17 years, depending on the individual lease agreements per forest.

20. Carbon Credits

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
16,274	16,274	Opening Balance as at 1 July	15,054	15,054
2,156	2,156	Additional carbon credits recognised	2,269	2,269
(3,376)	(3,376)	Carbon credits surrendered	(1,385)	(1,385)
15,054	**15,054**	**Closing Balance as at 30 June**	**15,938**	**15,938**

21. Property, Plant, Equipment and Intangibles - Parent

2025	Cost/ Valuation 30 June 2025	Accumulated Depreciation and Impairment	Carrying amount 30 June 2025
	$000	$000	$000
Intangible Assets			
Computer software	10,836	(7,660)	3,176
Capital work in progress	340	-	340
Total intangible assets	**11,176**	**(7,660)**	**3,516**
Operational Assets			
Buildings	8,297	(954)	7,343
Communications equipment	929	(809)	120
Computer equipment	4,396	(3,296)	1,099
Equipment and electronics	3,907	(1,987)	1,920
Fittings, furniture & equipment	3,209	(1,357)	1,852
Land - owned	61,741	-	61,741
Land - vested	10,008	-	10,008
Plant & machinery	1,008	(726)	282
Scientific/hydrological equipment	11,295	(8,329)	2,966
Vehicles	9,485	(4,054)	5,432
Capital work in progress	1,506	-	1,506
Total operational assets	**115,783**	**(21,514)**	**94,269**
Total intangible and operational assets	**126,959**	**(29,174)**	**97,785**
Infrastructural Assets			
River systems	1,087,296	-	1,087,296
Drainage systems	128,673	-	128,673
Capital work in progress	22,883	-	22,883
Total infrastructural assets	**1,238,852**	**-**	**1,238,852**
Totals for parent entity	**1,365,810**	**(29,174)**	**1,336,636**

2024	Cost/ Valuation 30 June 2024	Accumulated Depreciation and Impairment	Carrying amount 30 June 2024
	$000	$000	$000
Intangible Assets			
Computer software	15,450	(11,563)	3,887
Capital work in progress	335	-	335
Total intangible assets	**15,785**	**(11,563)**	**4,222**
Operational Assets			
Buildings	12,694	(634)	12,060
Communications equipment	1,606	(1,437)	169
Computer equipment	6,654	(5,251)	1,403
Equipment and electronics	3,401	(2,146)	1,255
Fittings, furniture & equipment	4,594	(2,566)	2,028
Land - owned	60,720	-	60,720
Land - vested	10,003	-	10,003
Plant & machinery	1,312	(993)	319
Scientific/hydrological equipment	11,656	(8,320)	3,336
Vehicles	9,115	(3,894)	5,221
Capital work in progress	630	-	630
Total operational assets	**122,385**	**(25,241)**	**97,144**
Total intangible and operational assets	**138,170**	**(36,804)**	**101,366**
Infrastructural Assets			
River systems	1,056,823	-	1,056,823
Drainage systems	123,364	-	123,364
Capital work in progress	16,182	-	16,182
Total infrastructural assets	**1,196,369**	**-**	**1,196,369**
Totals for parent entity	**1,334,539**	**(36,804)**	**1,297,735**

Property, Plant, Equipment and Intangibles - Group

2025	Cost/ Valuation 30 June 2025	Accumulated Depreciation and Impairment	Carrying amount 30 June 2025
	$000	$000	$000
Intangible Assets			
Computer software	10,836	(7,660)	3,176
Capital work in progress	340	-	340
Total intangible assets	**11,176**	**(7,660)**	**3,516**
Operational Assets			
Buildings	11,474	(954)	10,520
Communications equipment	929	(809)	120
Computer equipment	4,396	(3,296)	1,100
Equipment and electronics	3,907	(1,987)	1,921
Fittings, furniture & equipment	3,209	(1,357)	1,853
Land - owned	67,798	-	67,798
Land - vested	10,008	-	10,008
Plant & machinery	1,008	(726)	282
Scientific/hydrological equipment	11,295	(8,329)	2,966
Vehicles	9,485	(4,054)	5,431
Capital work in progress	1,506	-	1,507
Total operational assets	**125,015**	**(21,512)**	**103,506**
Total intangible and operational assets	**136,191**	**(29,172)**	**107,022**
Infrastructural Assets			
River systems	1,087,296	-	1,087,296
Drainage systems	128,673	-	128,673
Capital work in progress	22,883	-	22,883
Total infrastructural assets	**1,238,852**	**-**	**1,238,852**
Totals for parent entity	**1,375,043**	**(29,172)**	**1,345,874**

2024	Cost/ Valuation 30 June 2024	Accumulated Depreciation and Impairment	Carrying amount 30 June 2024
	$000	$000	$000
Intangible Assets			
Computer software	15,450	(11,563)	3,887
Capital work in progress	335	-	335
Total intangible assets	**15,785**	**(11,563)**	**4,222**
Operational Assets			
Buildings	15,871	(634)	15,237
Communications equipment	1,606	(1,437)	169
Computer equipment	6,654	(5,251)	1,403
Equipment and electronics	3,401	(2,146)	1,256
Fittings, furniture & equipment	4,594	(2,566)	2,028
Land - owned	66,777	-	66,777
Land - vested	10,003	-	10,003
Plant & machinery	1,312	(993)	320
Scientific/hydrological equipment	11,656	(8,320)	3,336
Vehicles	9,115	(3,894)	5,221
Capital work in progress	630	-	630
Total operational assets	**131,619**	**(25,241)**	**106,380**
Total intangible and operational assets	**147,404**	**(36,804)**	**110,602**
Infrastructural Assets			
River systems	1,056,823	-	1,056,823
Drainage systems	123,364	-	123,364
Capital work in progress	16,182	-	16,182
Total infrastructural assets	**1,196,369**	**-**	**1,196,369**
Totals for parent entity	**1,343,773**	**(36,804)**	**1,306,971**

2025	Carry Amount 1 July 2024	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2025
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,887	-	-	-	-	(4,614)	4,614	-	(711)	-	3,176
Capital work in progress	335	-	-	0	47	(42)	-	-	-	-	340
Total intangible assets	**4,222**	**-**	**-**	**0**	**47**	**(4,656)**	**4,614**	**-**	**(711)**	**-**	**3,516**
Operational Assets											
Buildings	12,060	-	-	1,058	-	-	-	(4,115)	(320)	(1,340)	7,343
Communications equipment	169	-	-	-	-	(677)	677	-	(49)	-	120
Computer equipment	1,403	-	-	461	-	(2,719)	2,719	-	(764)	-	1,099
Equipment and electronics	1,255	-	-	946	-	(439)	439	-	(281)	-	1,920
Fittings, furniture & equipment	2,028	-	-	77	-	(1,461)	1,461	-	(252)	-	1,852
Land - owned	60,720	-	-	3,597	-	(479)	-	-	-	(2,096)	61,741
Land - vested	10,003	-	-	-	-	-	-	-	-	5	10,008
Plant & machinery	319	-	-	15	-	(319)	319	-	(53)	-	282
Scientific/hydrological equipment	3,336	-	-	218	-	(579)	579	-	(588)	-	2,966
Vehicles	5,221	-	-	1,850	-	(1,480)	1,237	-	(1,397)	-	5,432
Capital work in progress	630	-	-	(8,221)	9,098	-	-	-	-	-	1,506
Total operational assets	**97,144**	**-**	**-**	**(0)**	**9,098**	**(8,154)**	**7,432**	**(4,115)**	**(3,705)**	**(3,431)**	**94,269**
Total intangible and operational assets	**101,366**	**-**	**-**	**0**	**9,144**	**(12,810)**	**12,046**	**(4,115)**	**(4,416)**	**(3,431)**	**97,785**
Infrastructural Assets											
River systems	1,056,823	-	-	9,495	-	(1,138)	-	-	(1,703)	23,819	1,087,296
Drainage systems	123,364	-	-	2,916	-	(69)	-	-	(776)	3,239	128,673
Capital work in progress	16,182	-	-	(12,411)	19,112	-	-	-	-	-	22,883
Total infrastructural assets	**1,196,369**	**-**	**-**	**(0)**	**19,112**	**(1,207)**	**-**	**-**	**(2,480)**	**27,058**	**1,238,852**
Totals for parent entity	**1,297,735**	**-**	**-**	**(0)**	**28,256**	**(14,017)**	**12,046**	**(4,115)**	**(6,896)**	**23,627**	**1,336,636**

2024	Carry Amount 1 July 2023	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2024
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,677	-	-	1,045	-	-	-	-	(835)	-	3,887
Capital work in progress	1,077	-	-	(1,045)	505	(202)	-	-	-	-	335
Total intangible assets	**4,754**	**-**	**-**	**0**	**505**	**(202)**	**-**	**-**	**(835)**	**-**	**4,222**
Operational Assets											
Buildings	11,830	(20)	4	554	-	-	-	-	(308)	-	12,060
Communications equipment	203	-	-	21	-	(4)	-	-	(50)	-	169
Computer equipment	1,139	-	-	924	-	(63)	-	-	(597)	-	1,403
Equipment and electronics	1,051	-	(3)	482	-	-	-	-	(274)	-	1,255
Fittings, furniture & equipment	2,143	4	(6)	134	-	(3)	2	-	(246)	-	2,028
Land - owned	60,156	-	-	564	-	-	-	-	-	-	60,720
Land - vested	10,003	-	-	-	-	-	-	-	-	-	10,003
Plant & machinery	347	-	5	23	-	(4)	4	-	(55)	-	320
Scientific/hydrological equipment	2,799	-	1	1,026	-	-	-	-	(490)	-	3,336
Vehicles	5,066	-	(11)	1,628	-	(1,561)	1,307	-	(1,208)	-	5,221
Capital work in progress	1,709	-	-	(5,356)	4,813	(536)	-	-	-	-	630
Total operational assets	**96,446**	**(16)**	**(10)**	**0**	**4,813**	**(2,171)**	**1,313**	**-**	**(3,228)**	**-**	**97,144**
Total intangible and operational assets	**101,200**	**(16)**	**(10)**	**1**	**5,318**	**(2,374)**	**1,313**	**-**	**(4,063)**	**-**	**101,366**
Infrastructural Assets											
River systems	852,092	-	-	19,595	-	(7,996)	-	-	(1,656)	194,788	1,056,823
Drainage systems	105,078	-	-	921	-	(131)	-	-	(729)	18,225	123,364
Capital work in progress	26,740	-	-	(20,516)	9,958	(0)	-	-	-	-	16,182
Total infrastructural assets	**983,910**	**-**	**-**	**0**	**9,958**	**(8,127)**	**-**	**-**	**(2,385)**	**213,013**	**1,196,369**
Totals for parent entity	**1,085,110**	**(16)**	**(10)**	**1**	**15,276**	**(10,501)**	**1,313**	**-**	**(6,448)**	**213,013**	**1,297,735**

2025	Carry Amount 1 July 2024	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2025
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,887	-	-	-	-	(4,614)	4,614	-	(711)	-	3,176
Capital work in progress	335	-	-	-	47	(42)	-	-	-	-	340
Total intangible assets	**4,222**	**-**	**-**	**-**	**47**	**(4,656)**	**4,614**	**-**	**(711)**	**-**	**3,516**
Operational Assets											
Buildings	15,237	-	-	1,058	-	-	-	(4,115)	(320)	(1,340)	10,520
Communications equipment	169	-	-	-	-	(677)	677	-	(49)	-	120
Computer equipment	1,403	-	-	461	-	(2,719)	2,719	-	(764)	-	1,100
Equipment and electronics	1,256	-	-	946	-	(439)	439	-	(281)	-	1,921
Fittings, furniture & equipment	2,028	-	-	77	-	(1,461)	1,461	-	(252)	-	1,853
Land - owned	66,777	-	-	3,596	-	(479)	-	-	-	(2,096)	67,798
Land - vested	10,003	-	-	-	-	-	-	-	-	5	10,008
Plant & machinery	320	-	-	15	-	(319)	319	-	(53)	-	282
Scientific/hydrological equipment	3,336	-	-	218	-	(579)	579	-	(588)	-	2,966
Vehicles	5,221	-	-	1,850	-	(1,480)	1,237	-	(1,397)	-	5,431
Capital work in progress	630	-	-	(8,221)	9,098	-	-	-	-	-	1,507
Total operational assets	**106,380**	**-**	**-**	**-**	**9,098**	**(8,153)**	**7,431**	**(4,115)**	**(3,704)**	**(3,431)**	**103,506**
Total intangible and operational assets	**110,602**	**-**	**-**	**-**	**9,145**	**(12,809)**	**12,045**	**(4,115)**	**(4,415)**	**(3,431)**	**107,022**
Infrastructural Assets											
River systems	1,056,823	-	-	9,495	-	(1,138)	-	-	(1,703)	23,819	1,087,296
Drainage systems	123,364	-	-	2,916	-	(69)	-	-	(776)	3,238	128,673
Capital work in progress	16,182	-	-	(12,411)	19,112	-	-	-	-	-	22,883
Total infrastructural assets	**1,196,369**	**-**	**-**	**(0)**	**19,112**	**(1,207)**	**-**	**-**	**(2,479)**	**27,057**	**1,238,852**
Totals for group entity	**1,306,971**	**-**	**-**	**(0)**	**28,257**	**(14,016)**	**12,045**	**(4,115)**	**(6,894)**	**23,626**	**1,345,874**

2024	Carry Amount 1 July 2023	Transfers and Other Adjustments		Transfers from WIP	Additions	Disposals	Depreciation on Disposals	Impairment	Depreciation	Revaluation	Carrying Amount 30 June 2024
		Cost	Accumulated Depreciation								
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Intangible Assets											
Computer software	3,677	-	-	1,045	-	-	-	-	(835)	-	3,887
Capital work in progress	1,077	-	-	(1,045)	505	(202)	-	-	-	-	335
Total intangible assets	**4,754**	**-**	**-**	**0**	**505**	**(202)**	**-**	**-**	**(835)**	**-**	**4,222**
Operational Assets											
Buildings	15,007	(20)	4	554	-	-	-	-	(308)	-	15,237
Communications equipment	203	-	-	21	-	(4)	-	-	(50)	-	169
Computer equipment	1,139	-	-	924	-	(63)	-	-	(597)	-	1,403
Equipment and electronics	1,051	-	(3)	482	-	-	-	-	(274)	-	1,256
Fittings, furniture & equipment	2,143	4	(6)	134	-	(3)	2	-	(246)	-	2,028
Land - owned	64,819	-	-	1,958	-	-	-	-	-	-	66,777
Land - vested	10,003	-	-	-	-	-	-	-	-	-	10,003
Plant & machinery	347	-	5	23	-	(4)	4	-	(55)	-	320
Scientific/hydrological equipment	2,799	-	1	1,026	-	-	-	-	(490)	-	3,336
Vehicles	5,066	-	(11)	1,628	-	(1,561)	1,307	-	(1,208)	-	5,221
Capital work in progress	1,709	-	-	(5,356)	4,813	(536)	-	-	-	-	630
Total operational assets	**104,286**	**(16)**	**(10)**	**1,394**	**4,813**	**(2,171)**	**1,313**	**-**	**(3,228)**	**-**	**106,380**
Total intangible and operational assets	**109,040**	**(16)**	**(10)**	**1,395**	**5,318**	**(2,374)**	**1,313**	**-**	**(4,063)**	**-**	**110,603**
Infrastructural Assets											
River systems	852,092	-	-	19,595	-	(7,996)	-	-	(1,656)	194,788	1,056,823
Drainage systems	105,078	-	-	921	-	(131)	-	-	(729)	18,225	123,364
Capital work in progress	26,740	-	-	(20,516)	9,958	(0)	-	-	-	-	16,182
Total infrastructural assets	**983,910**	**-**	**-**	**0**	**9,958**	**(8,127)**	**-**	**-**	**(2,385)**	**213,013**	**1,196,369**
Totals for group entity	**1,092,950**	**(16)**	**(10)**	**1,395**	**15,276**	**(10,501)**	**1,313**	**-**	**(6,448)**	**213,013**	**1,306,972**

Valuation

Land (operational)

Land is valued at fair value using market-based evidence on the highest and best use with reference to comparable land values and was most recently revalued as at 30 June 2025. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, FNZIV, FPINZ, both of CBRE Limited of Palmerston North.

Buildings (operational)

Non-specialised buildings are valued at fair value using market-based evidence on the highest and best use with reference to comparable building values and were most recently revalued as at 30 June 2025. This independent valuation was performed by GM Dowse, Registered Public Valuer, FNZIV, FPINZ; and PJ Loveridge, Registered Public Valuer, AFNZIV, FPINZ, both of CBRE Limited of Palmerston North.

During the year ended 30 June 2025, Council recognised a full impairment loss of $4.1M (2024: $nil) on the Regional House Council building located in Palmerston North. A structural assessment carried out in 2024 identified parts of the building as earthquake-prone. The cost to repair the building is expected to exceed its recoverable value, which has been assessed as $nil by independent valuers, CBRE. The impairment loss of $4.1M was recognised as follows:

- $2.5M as a reduction in revaluation reserve, and
- The remaining $1.6M as an asset impairment expense in the statement of comprehensive revenue and expenses.

Council will consider future options for the site, including potential demolition, sale of land, or redevelopment.

Infrastructural assets

Infrastructural assets included within HRC's river and drainage schemes were valued at depreciated replacement cost as at 30 June 2025. The revaluation was completed by HRC engineering staff who are directly involved with the administration of these schemes. The valuation methodology was independently reviewed by Miles Wyatt and Graham Munnik of AECOM New Zealand Limited for the 2024 revaluation to certify that the methodology is consistent with PBE IPSAS 17. The same methodology has been applied for the 2024-25 revaluation.

Depreciated replacement cost is determined using a number of significant assumptions, including:

- The replacement cost is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity;
- The replacement cost is derived from recent construction contracts of similar assets and other property information sources;
- The remaining estimated useful life; and
- Straight-line depreciation was applied in determining the depreciated replacement cost value of the asset.

Summary of infrastructure asset replacement costs	Council Actual 2024-25 $000	Council Actual 2023-24 $000
River Systems	1,103,614	877,628
Drainage Systems	138,958	116,815
Total Replacement Cost	**1,242,572**	**994,443**

Vested Asset

There have been nil assets vested to Horizons during the year (Last year: nil).

Restrictions

There are no restrictions over the title of HRC's operational, infrastructural and intangible assets, other than that applicable to vested land as referred to in the property, plant and equipment paragraph included in the statement of accounting policies.

Summary of depreciation and amortisation by group of activities	LTP 2024-34 2024-25	Council Actual 2024-25 $000	Council Actual 2023-24 $000
Partnerships, governance and leadership	-	1	2
Strategy, science and regulation	25	46	45
Catchment operations*	2,935	2,826	2,759
Transport and regional services	1,008	1,468	1,245
Corporate	1,949	2,552	2,397
Total Depreciation and Amortisation	5,917	6,893	6,448

*The published LTP figure incorrectly includes $98k of amortisation expense for restoration assets.

Summary of property, plant and equipment in the course of construction by class of asset	Council Actual 2024-25 $000	Council Actual 2023-24 $000
Buildings	157	18
Communications Equipment	832	288
Computer Equipment	32	29
Computer Software	335	335
Drainage Systems	4,111	3,932
Equipment & Electronics	241	232
Furniture & Fittings	-	-
Land	-	-
Plant & Machinery	9	-
River Systems	18,812	12,250
Scientific/Hydrological Equipment	209	49
Vehicles	-	14
Total Work in Progress	**24,737**	**17,147**

22. Insurance of Assets

	2024-25 $000	2023-24 $000
The total value of all Council assets covered by insurance contracts	94,269	97,144
The maximum amount to which insured assets are insured	150,000	150,000
Total value of assets that are self-insured	1,238,852	1,196,369
Value of funds maintained for self-insurance	5,160	5,040

The above information relates to the insurance of Council assets as at 30 June 2025.

In the event of a natural disaster, central government may contribute up to 60% towards the restoration of infrastructure assets.

23. Trade and Other Payables

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Paybles from exchange transactions				
5,925	5,971	Accounts payable	8,357	8,421
80	75	Due to related parties	-	-
3,606	3,499	Accruals and other payables	3,481	3,624
9,611	**9,545**	**Total exchange payables**	**11,838**	**12,045**
Paybles from non-exchange transactions				
9,728	9,893	Grants and rates revenue in advance	7,996	8,168
-	-	Grants payable	-	-
9,728	**9,893**	**Total non-exchange payables**	**7,996**	**8,168**
19,339	**19,438**	**Total trade and other payables**	**19,834**	**20,213**

These are non-interest bearing and are settled on 30-day terms, therefore the carrying value of these approximates their fair value.

24. General Provisions

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
69	69	Opening balance	125	125
154	154	Additional provisions made during the year	172	172
223	**223**		**297**	**297**
(98)	(98)	Payments made during the year	(109)	(109)
125	**125**	**Closing balance**	**188**	**188**
		Made up of:		
125	125	ACC provision	188	188
125	**125**	**Total general provisions**	**188**	**188**

25. Employee Entitlements

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
627	627	Pay Accruals	764	764
2,533	2,533	Annual leave provision	2,574	2,574
-	-	Long service provision	-	-
101	101	Time in lieu provision	94	94
-	-	Sick leave provision	-	-
3,261	**3,261**	**Total employee entitlements**	**3,432**	**3,432**

26. Taxation

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
-	-	Components of tax expense	-	-
-	-	Current tax	-	-
-	-	Tax loss offset	-	-
-	-	Tax loss not recognised/(utilised)	-	-
-	(133)	Deferred tax	-	(227)
-	(133)	Tax expense	-	(227)
		Relationship between tax expense and accounting surplus		
(5,326)	(7,462)	Surplus/(deficit) before tax	3,402	5,074
(1,491)	(2,089)	Tax at 28%	953	1,421
-	-	Plus/(less) tax effect of:		
-	-	Other items	-	-
(28,084)	(28,566)	Non-taxable revenue	(31,273)	(32,028)
29,647	30,600	Non-deductible expenditure	30,409	30,768
-	(6)	Prior period adjustments	-	(299)
(71)	(71)	Deferred tax recognition	(89)	(89)
-	-	Tax losses utilised	-	-
-	(133)	Tax expense	-	(227)

HRC is a non-taxable entity except for the revenue it receives from its investment in MWRC Holdings Limited and revenue from Council Controlled Organisations.

Prior year comparative figures have been adjusted to ensure internal consistency with SOCRE.

Deferred tax assets/(liabilities)

	Investment Property $000	Provisions $000	Tax Losses $000	Total $000
Council				
Nil	-	-	-	-
Group				
Balance at 1 July 2023	(911)	-	406	(505)
Charge to surplus/(deficit)	(255)	-	388	133
Recognition of tax asset	-	-	-	-
Balance at 30 June 2024	**(1,166)**	**-**	**794**	**(372)**
Charge to surplus/(deficit)	(44)	-	271	227
Recognition of tax asset	-	-	-	-
Balance at 30 June 2025	**(1,210)**	**-**	**1,065**	**(145)**

Council has not recognised a deferred tax asset in relation to tax losses of $2,315,333 (last year $2,628,972).

27. Debt

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
66,000	66,000	Opening balance as at 1 July	74,357	74,357
84,357	84,357	Loans taken out	66,995	66,995
(76,000)	(76,000)	Loans repaid	(62,439)	(62,439)
74,357	**74,357**	**Closing balance as at 30 June**	**78,913**	**78,913**
		Made up of:		
26,357	26,357	Current	25,412	25,412
48,000	48,000	Non-current	53,500	53,500
74,357	**74,357**	**Total debt**	**78,912**	**78,912**

These loans are secured at either separate or general rates for the region through the Debenture Trust Deed. Of these, $27.9 million (last year $44.3 million) is on a fixed rate of interest, with $51 million (last year $30 million) at a floating interest rate. The floating interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

The carrying value of borrowings is considered to approximate their fair value as the impact of discounting is not considered significant.

For credit quality purposes, these debentures are un-rated.

Internal borrowings

Information about internal borrowing is provided in note 36. Internal borrowings are eliminated on consolidation of activities in HRC's financial statements.

28. Provision - Replanting

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
2,737	2,737	Opening balance as at 1 July	1,241	1,241
(1,205)	(1,205)	Change in present value of provision	(150)	(150)
(54)	(54)	Provision unwinding	26	26
(237)	(237)	Disposal	(181)	(181)
1,241	**1,241**	**Closing Balance**	**936**	**936**

This provision is for replanting land we currently lease for our SLUI forests. Its initial value as at 30 June 2019 was based on the costs to replant, which Council is obligated to do at harvest, inflated based on the years to harvest as at 30 June for various periods of 11-17 years, discounted back to present value based on the risk-free spot rate. The present value of this provision is reviewed on an annual basis, and the discount on the provision unwound, so the provision will equal the expected cash outflow at the date of replanting.

The first cash outflows are not expected to occur until 2036. The long-term nature of the liability means that there are inherent uncertainties in estimating the costs that will be incurred. The provision has been estimated taking into account existing technology and using discount rates of 4.77% - 5.19% (last year, 4.87% - 5.03%). The value of replanting costs, which has been inflated, has been calculated using an inflation rate of 2.7% (last year, 3.3%).

29. Events after balance date

There have been no significant events after the balance date that require disclosure in these financial statements.

30. Financial Instruments

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments and whether the payments are solely for payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are

not held for trading. Council has elected to subsequently measure its shares at FVTOCRE.

Financial instruments categories

The accounting policies for financial instruments were applied to the line items below:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Financial assets				
Fair value through surplus deficit				
711	711	Derivatives	264	264
Amortised cost				
4,224	6,567	Cash and cash equivalents	3,350	4,197
14,641	10,918	Trade and Other Receivables*	8,975	8,284
18,500	-	Loan to CCO	18,500	-
37,365	**17,485**	**Total at amortised cost**	**30,825**	**12,481**
Fair value through other comprehensive revenue and expense				
1,303	1,303	LGFA deposits*	2,137	2,137
3,999	66,999	Investments in other entities	4,144	70,844
5,302	**68,302**	**Total at FVTOCRE**	**6,281**	**72,981**

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Financial liabilities				
Fair value through surplus deficit				
-	-	Derivatives	277	277
Amortised cost				
9,611	9,545	Trade and Other Payables*	11,838	12,044
74,357	74,357	Debt	78,912	78,912
83,968	**83,902**	**Total at amortised cost**	**90,750**	**90,956**

*Prior year has been updated to correctly exclude revenue in advance and investment in CCOs and correctly include accrued receivables

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined in accordance with the following hierarchy:

- Level 1 – Quoted market price – Financial instruments with quoted price for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs – Financial instruments with quoted price for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets, and financial instruments valued using models where all significant inputs are observable.
- Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Level	Council Actual 2024-25 $000	Group Actual 2024-25 $000	Council Actual 2023-24 $000	Group Actual 2023-24 $000
Financial assets					
Derivatives	1	264	264	711	711
LGFA Deposit	2	2,137	2,137	1,303	1,303
Forsyth Barr	2	4,144	4,144	3,999	3,999
CentrePort Shares	3	-	66,700	-	63,000
Financial liabilities					
Derivatives	1	277	277	-	-

There were no transfers between the different fair value levels of the hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
-	63,000	Balance at 1 July	-	63,000
-	-	Gains or losses recognised in surplus or deficit	-	-
-	-	Gains or losses recognised in other comprehensive revenue and expense	-	3,700
-	-	Purchases	-	-
-	-	Sales	-	-
-	-	Transfers into level 3	-	-
-	-	Transfers out of level 3	-	-
-	**63,000**	**Balance at 30 June**	**-**	**66,700**

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Financial instrument risks

HRC has a series of policies to manage the risks associated with financial instruments and is risk-averse, and seeks to minimise exposure from its treasury activities. HRC has established Council-approved liability and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price risk – Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. HRC's Hobson Wealth portfolio includes some listed shares that are subject to this risk. HRC's investments in Local Authority Stock and CentrePort shares are not publicly traded, and, therefore, there is no risk associated with changes in market prices for these financial instruments.

Currency risk – at balance date. HRC had a balance of nil (last year nil) remaining in foreign exchange contracts. Due to the nil balance, there is no material exposure to fluctuation in foreign exchange rates.

Fair value interest-rate risk – Fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments issued at fixed rates of interest expose the Council and Group to fair value interest-rate risk. HRC holds some interest rate swaps to offset this risk.

Cash flow interest rate risk – cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. HRC's cash investments are issued at fixed interest rates and, therefore, are not subject to changes in value due to changes in market interest rates. Borrowings at floating interest rates, however, are subject to variations in market floating rates. Potential impacts of these changes are reflected in the Sensitivity Analysis table later in this section.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council and Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested in term deposits, which gives rise to credit risk.

Receivables arise mainly from Council's statutory functions. There are no procedures in place to monitor or report the credit quality of receivables. Council has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates from ratepayers.

For all financial investments, Council's investment policy limits the exposure to any one financial institution or organisation and limits investments to institutions or organisations with a Standard & Poor's rating of A-1 for short-term and A+ for long-term investments.

The Council and Group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

The maximum credit risk exposure of financial instruments is best represented by their carrying value.

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is contained on page 107.

Credit risk exposure by credit risk rating grades by reference to Standard and Poor's credit ratings, excluding receivables, is provided below:

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Counterparties with credit ratings				
Cash at bank and term deposits				
4,221	6,564	AA-	3,347	4,194
-	-	A	-	-
3	3	Unrated*	3	3
4,224	6,567	Total Cash at bank and term deposits	3,350	4,197
Derivative financial instruments assets				
711	711	AA-	-	-
711	711	Total Derivative financial instruments	-	-

*Kiwibank Limited is no longer rated by Standard and Poor's as at 12 July 2021 but holds an AA rating from Fitch and an A1 rating from Moody's.

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

As part of maintaining its liquidity requirements, Council maintains cash investments to ensure liquidity risk is minimal. To meet unforeseen cash demands, Council has a funding package in place with its bankers and with LGFA, which is available to borrow against.

The table below analyses the Council and Group's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating-rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000
Council 2024-25						
Trade and Other Payables	11,838	11,838	11,838	-	-	-
Debt	78,912	86,481	28,405	20,894	37,182	-
Total	**90,750**	**98,319**	**40,243**	**20,894**	**37,182**	**-**
Group 2024-25						
Trade and Other Payables	12,044	12,044	12,044	-	-	-
Debt	78,912	86,481	28,405	20,894	37,182	-
Total	**90,956**	**98,525**	**40,449**	**20,894**	**37,182**	**-**
Council 2023-24						
Trade and Other Payables*	9,611	9,611	9,611	-	-	-
Debt	74,357	81,993	29,226	17,744	35,023	-
Total	**83,968**	**91,604**	**38,837**	**17,744**	**35,023**	**-**
Group 2023-24						
Trade and Other Payables*	9,545	9,545	9,545	-	-	-
Debt	74,357	81,993	29,226	17,744	35,023	-
Total	**83,902**	**91,538**	**38,771**	**17,744**	**35,023**	**-**

Council is exposed to liquidity risk as a guarantor of all the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained on page 107.

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000
Council 2024-25						
Cash and cash equivalents	3,350	3,350	3,350	-	-	-
Debtors and other receivables	8,975	8,975	8,975	-	-	-
MWRCH Loan	18,500	18,500	1,000	1,500	4,500	11,500
Derivatives	-	-	-	-	-	-
Total	**30,825**	**30,825**	**13,325**	**1,500**	**4,500**	**11,500**
Group 2024-25						
Cash and cash equivalents	4,197	4,197	4,197	-	-	-
Debtors and other receivables	8,284	8,284	8,284	-	-	-
Derivatives	-	-	-	-	-	-
Total	**12,481**	**12,481**	**12,481**	**-**	**-**	**-**
Council 2023-24						
Cash and cash equivalents	4,224	4,224	4,224	-	-	-
Debtors and other receivables*	14,641	14,641	14,641	-	-	-
MWRCH Loan	18,500	18,500	-	1,500	4,500	12,500
Derivatives	711	771	297	229	236	9
Total	**38,076**	**38,136**	**19,162**	**1,729**	**4,736**	**12,509**
Group 2023-24						
Cash and cash equivalents	6,567	6,567	6,567	-	-	-
Debtors and other receivables*	10,918	10,918	10,918	-	-	-
Derivatives	711	771	297	229	236	9
Total	**18,196**	**18,256**	**17,782**	**229**	**236**	**9**

*Prior year has been updated to correctly exclude revenue in advance and investment in CCOs and correctly include accrued receivables

Sensitivity Analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument market exposures at balance date.

	2024-25 $000		2023-24 $000	
	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)	-100bps Surplus/ (Deficit)	+100bps Surplus/ (Deficit)
Council				
Financial assets				
Cash and cash equivalents	(34)	34	(42)	42
Derivatives	-	-	(573)	541
Financial liabilities				
Debt	789	(789)	744	(744)
Derivatives	(755)	721	-	-
Total sensitivity	**1**	**(35)**	**128**	**(160)**
Group				
Financial assets				
Cash and cash equivalents	(42)	42	(66)	66
Derivatives	-	-	(573)	541
Financial liabilities				
Debt	789	(789)	744	(744)
Derivatives	(755)	721	-	-
Total sensitivity	**(8)**	**(26)**	**105**	**(137)**

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.50%.

31. Derivative Financial Instruments

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
		Current assets		
-	-	Interest rate swaps	-	-
-	**-**	**Total current assets**	**-**	**-**
		Non-current assets		
711	711	Interest rate swaps	264	264
711	**711**	**Total non-current assets**	**264**	**264**
		Current liability		
-	-	Interest rate swaps	-	-
-	**-**	**Total current liability**	**-**	**-**
		Non-current liability		
-	-	Interest rate swaps	277	277
-	**-**	**Total non-current liability**	**277**	**277**

HRC has a number of interest swaps in place:

Council Actual 2023-24	Swap Date	Effective Date	End Date	Rate %	Council Actual 2024-25
2,000,000	4/09/2015	18/09/2017	18/09/2024	3.87%	-
4,000,000	30/06/2021	15/04/2024	15/04/2027	2.00%	4,000,000
4,000,000	30/06/2021	15/04/2022	15/04/2028	1.80%	4,000,000
-	26/06/2024	15/04/2025	15/01/2027	4.52%	3,000,000
-	22/02/2023	15/04/2025	15/05/2028	4.33%	2,500,000
-	31/12/2024	15/05/2025	15/05/2030	3.55%	5,000,000
10,000,000					**18,500,000**

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters, such as

interest rate yield curves. Most market parameters are implied from instrument prices.

32. Equity

Council Actual 2023-24 $000	Group Actual 2023-24 $000		Council Actual 2024-25 $000	Group Actual 2024-25 $000
Asset revaluation reserves				
682,702	683,517	Balance at 1 July	889,766	890,582
207,064	207,065	Increase/(Decrease) in revaluation reserves	23,454	23,454
-	-	Transfer to accumulated funds	-	-
889,766	**890,582**	**Balance at 30 June**	**913,220**	**914,036**
		Consists of:		
3,811	3,700	Buildings	-	220
33,425	34,352	Land-Owned	30,854	31,449
6,873	6,873	Land-Vested	6,878	6,878
770,920	770,920	River scheme assets	796,470	796,470
74,737	74,737	Drainage scheme assets	79,018	79,018
889,766	**890,582**	**Total revaluation reserves**	**913,220**	**914,035**
Fair value through other comprehensive revenue and expense reserve				
1,374	38,992	Balance at 1 July	1,640	39,258
266	266	Increase/(Decrease) in fair value reserve	177	3,877
1,640	**39,258**	**Balance at 30 June**	**1,817**	**43,135**
Restricted reserves - river and drainage				
12,776	12,776	Balance at 1 July	14,417	14,417
1,641	1,641	Plus/(less) transfer from retained earnings	639	639
14,417	**14,417**	**Balance at 30 June**	**15,056**	**15,056**
Infrastructure insurance reserve				
4,920	4,920	Balance at 1 July	5,040	5,040
-	-	Scheme rate contribution	-	-
120	120	General rate contribution	120	120
-	-	Withdrawals	-	-
5,040	**5,040**	**Balance at 30 June**	**5,160**	**5,160**
Accumulated funds				
402,124	407,613	Balance at 1 July	395,038	398,524
(1,640)	(1,640)	Less transfers to restricted reserves	(641)	(639)
(120)	(120)	Less transfer to infrastructure insurance reserve	(120)	(120)
(5,326)	(7,329)	Net surplus/(deficit) for the year	3,402	5,300
395,038	**398,524**	**Balance at 30 June**	**397,679**	**403,065**
1,305,901	**1,347,821**	**Total equity at 30 June**	**1,332,932**	**1,380,451**

Purpose of Restricted Reserves

Under our River and Drainage – Schemes activity, 29 of our schemes set aside funds to be used when damage occurs to scheme assets. The purpose of all of these funds, as set out in our infrastructural asset management plan is to:

- Meet the cost of un-programmed works (repairs);
- Enable a rapid start on damage repairs; and
- Fund the deductible in respect of an insurance claim

More details relating to the river and drainage reserves are included in note 35 of this Annual Report.

Purpose of the Infrastructure Insurance Reserve

The purpose of the infrastructure insurance reserve is to build reserves to provide for a level of self-insurance against our infrastructural assets managed within the Flood Protection and Control Works Activity, which now have limited or no insurance cover.

33. Explanations of major variances against budget

	LTP 2024-34 $000	Actual 2024-25 $000	Variance Favourable/ (Unfavourable) $000	Explanation
Subsidies and grants	25,028	27,754	2,726	Subsidies and grants received are higher than budgeted due to additional central government grants received during the year for projects such as CRU, Wilding Conifer and Fish Passage. The Transport Subsidy received was also higher than anticipated due to the new Palmerston North service.
Finance revenue	3,850	3,291	(559)	Finance revenue is lower than budgeted due to a reduced dividend being declared by MWRC Holdings Limited, as a result of a property purchase in the prior year, leaving reduced cash available to fund a higher dividend. This is partially offset by higher than budgeted interest revenue with interest rate increases.
Other revenue	17,036	15,979	(1,057)	Lower than budgeted due to an under recovery of regulatory revenue partially offset by gain-on-sale of forestry assets recognised
Personnel costs	30,963	30,489	474	Staff vacancies throughout the year contributed to lower than budgeted personal costs, senior positions having to be filled with more junior staff, and staff working on capital or organisational projects have also contributed to this variance.
Depreciation and amortisation expense	5,917	6,995	(1,078)	Higher than anticipated year end revaluations and capitalisation of assets have resulted in depreciation costs being higher than budgeted. Vehicle depreciation was also changed to align to the vehicle replacement policy.
Finance costs	3,050	4,045	(995)	The year-end valuation of the interest rate swaps held resulted in a loss on these cash flow hedges. Interest rate changes also contributed to higher interest costs than budgeted.
Other expenses	62,975	68,112	(5,137)	Primarily due to additional transport subsidies paid related to the new Palmerston North services ($1.104k), the loss on the revaluation of the Forestry Right assets ($1,008k), loss on buildings revaluation/impairment of Regional House Building ($1,644k), and the disposal of assets ($700k)

Property, plant, and equipment revaluations	42,009	23,454	(18,555)	Revaluation changes this financial year were significantly lower than budgeted, with the infrastructure revaluation methodology updated last year seeing no overall change this year to values. The devaluation of land and building assets and impairment of assets also contributed to a lower-than-expected valuation impact.
Trade and other receivables	8,210	10,453	2,243	Delays with our debt being passed over to the collection agency meant the overall process has been delayed, thus resulting in more outstanding at year-end than anticipated.
Revenue Receivable	6,060	3,216	(2,844)	A number of long-term projects came to an end during this financial year, with revenue for those projects being recognised earlier than anticipated thus reducing the expected year-end receivable position.
Loan to CCO	17,000	17,500	500	The LTP assumed debt repayment would start from 2025; however, this was amended via the MWRC Holdings Ltd SOI to occur from 2026.
Forestry Assets	3,905	842	(3,063)	Our forestry assets were initially expected to increase in value; however, due to falling log prices and increasing maintenance and harvest costs, our forestry assets have decreased in value. We also sold a forest during the year.
Land leases (prepaid) non-current	1,979	1,526	(453)	The sale of forest assets has reduced our lease obligations.
Restoration asset	1,384	271	(1,113)	Changes in inflation and interest rates, along with the sale of a forest asset, have driven a decrease in the value of this asset.
Carbon credits	18,159	15,938	(2,221)	While the total carbon credit value has increased this year, the sale of forestry assets over the last two years has meant less are held than originally anticipated when the LTP was set.
Operational assets	112,401	94,269	(18,132)	The Land and building revaluation was completed this year, which resulted in a reduction in the carrying value for these assets, while the LTP budget assumed there would be a revaluation gain this financial year. Additionally, the impairment of Regional House has reduced the carrying value of operational assets.
Infrastructural assets	1,076,356	1,238,852	162,496	While the total infrastructural asset value has not increased significantly this financial year, a significant revaluation increase in the prior year was not reflected in the LTP budgeted value for this year due to timing of when the LTP is completed.

Debt - current portion	7,000	25,412	(18,412)	Utilised more short-term commercial paper and debt instruments than anticipated to comply with Council policy. This offsets with Debt – non-current portion.
Debt - non-current portion	71,131	53,500	17,631	Utilised more short-term commercial paper and debt instruments than anticipated to comply with Council policy. This offsets with Debt – current portion.
Provision - replanting	2,094	936	1,158	With the sale of a number of forestry assets, the requirement to replant has decreased, plus changes to the rate of inflation have also impacted the discount rate used.

34. Reconciliation of operating cashflows with reported operating results

	Council Actual 2024-25 $000	Group Actual 2024-25 $000	Council Actual 2023-24 $000	Group Actual 2023-24 $000
Surplus/(Deficit) after tax	3,401	5,300	(5,326)	(7,329)
Add/(Deduct) non-cash items				
Amortisation - SLUI land lease	405	405	499	499
Loss on revaluation/asset impairment	1,644	1,644	371	371
Depreciation and amortisation expense	6,995	6,995	6,628	6,628
Bad debt expense	60	60	139	139
(Gain)/Loss on revaluations	1,009	1,042	761	3,225
(Gain)/Loss on derivatives	733	733	131	131
(Gain)/Loss on carbon credits	(1,598)	(1,598)	247	247
Loss on disposal of assets	326	326	1,569	1,569
Provision unwinding	26	26	(54)	(54)
Capitalisation adjustment	-	-	(287)	(287)
	9,600	9,633	10,004	12,468
Add/(Deduct) items classified as investing				
(Gain) on sale of fixed assets	(1,769)	(1,769)	(329)	(329)
	(1,769)	(1,769)	(329)	(329)
Add/(Deduct) movements in working capital items				
Decrease/(Increase) in trade and other receivables	(425)	(457)	(3,245)	(2,825)
Decrease/(Increase) in accruals and prepayments	5,542	2,340	(3,541)	(1,149)
Decrease/(Increase) in stock on hand	100	100	(117)	(117)
(Decrease)/Increase in operational trade and other payables	1,635	1,439	4,888	3,509
	6,852	3,423	(2,015)	(582)
Net cash inflow/(outflow) from operating activities	**18,084**	**16,587**	**2,334**	**4,228**

35. River and Drainage Scheme Reserves

Closing Balance 2023-24 Debit/(Credit) $	Scheme	Interest credited 2024-25 $	Transfers in 2024-25 $	Transfers out 2024-25 Debit/(Credit) $	Closing Balance 2024-25 $
88,900	Ashhurst Stream	3,529	3,000	(12,769)	82,660
2,011	Forest Road Drainage	80	2,136	-	4,227
777,808	Foxton East Drainage	30,879	16,000	(332,962)	491,725
16,574	Haunui Drainage	658	1,651	-	18,883
5,543	Himatangi Drainage	220	625	(3,816)	2,572
125,635	Hōkio Drainage	4,988	-	(47,743)	82,880
11,097	Kahuterawa	441	12,953	-	24,491
232,747	Koputaroa	9,240	-	(24,886)	217,101
432,216	Lower Kiwitea	17,159	15,000	(2,020)	462,355
3,104,222	Lower Manawatū	123,238	2,627,575	(2,757,672)	3,097,363
515,787	Lower Manawatū (Special Project)	20,477	2,272,753	(2,627,575)	181,442
1,461,765	Lower Whanganui	58,032	50,000	(476,126)	1,093,671
412,903	Makerua Drainage	16,392	92,107	-	521,402
40,764	Makirikiri	1,618	-	(37,155)	5,227
97,836	Manawatū Drainage	3,884	23,730	-	125,450
1,591,926	Mangatainoka	63,199	128,390	-	1,783,515
77,904	Matarawa Valley	3,093	-	(8,302)	72,695
230,888	Moutoa Drainage	9,166	29,390	-	269,444
125,691	Ohakune	4,990	8,066	-	138,747
618,767	Ōhau-Manakau	24,565	117,212	-	760,544
17,113	Pakihi Valley	679	8,558	-	26,350
1	Pohangina-Ōroua	-	109,447	-	109,448
21,723	Porewa	862	2,000	(37,419)	(12,834)
1,082,543	Rangitīkei	42,977	393,983	-	1,519,503
87,993	Ruapehu District	3,493	110,926	-	202,412
479,247	South-East Ruahines	19,026	232,284	-	730,557
(1)	Tararua District	-	-	(16,099)	(16,100)
25,788	Tawataia-Mangaone	1,024	1,500	(5,403)	22,909
108,091	Te Kawau Drainage	4,291	-	(6,933)	105,449
86,995	Turakina	3,454	10,602	-	101,051
1,184	Tutaenui	47	1,072	(22,794)	(20,491)
696,084	Upper Manawatū	27,634	83,807	-	807,525

332,821	Upper Whanganui	13,213	23,615	-	369,649
87,063	Whangaehu-Mangawhero	3,456	11	-	90,530
40,833	Whirokino Drainage	1,621	-	(1,096)	41,358
370,996	Miscellaneous - All Scheme	14,729	-	(1,616)	384,109
13,409,458	**Total schemes**	**532,354**	**6,378,393**	**(6,422,386)**	**13,897,819**

River and Drainage Scheme Renewal Reserves

Closing Balance 2023-24 Debit/(Credit) $	Scheme	Interest credited 2024-25 $	Transfers in 2024-25 $	Transfers out 2024-25 Debit/(Credit) $	Closing Balance 2024-25 $
2,019	Ashhurst Stream	80	-	-	2,099
4,039	Forest Road Drainage	160	200	-	4,399
4,703	Foxton East Drainage	187	630	-	5,520
3,211	Himatangi Drainage	127	430	-	3,768
3,514	Hōkio Drainage	140	516	-	4,170
165,755	Koputaroa	6,580	38,826	(77,569)	133,592
18,489	Lower Manawatū	734	-	(5,467)	13,756
(7,082)	Lower Whanganui	(281)	-	-	(7,363)
172,202	Makerua Drainage	6,836	74,395	(75,789)	177,644
46,718	Makirikiri	1,855	-	-	48,573
251,956	Manawatū Drainage	10,003	55,928	24,663	342,550
(23,837)	Mangatainoka	(946)	-	-	(24,783)
31,805	Matarawa Valley	1,263	6,750	-	39,818
(18,162)	Moutoa Drainage	(721)	81,569	(70,737)	(8,051)
186,287	Ōhau-Manakau	7,396	10,098	-	203,781
1,313	Pakihi Valley	52	345	-	1,710
(30,054)	Pohangina-Ōroua	(1,193)	-	(2,574)	(33,821)
28,697	Porewa	1,139	5,100	-	34,936
11,920	South-East Ruahines	473	12,814	-	25,207
8,953	Tawataia-Mangaone	355	100	-	9,408
128,656	Te Kawau Drainage	5,108	44,726	(9,108)	169,382
6,881	Tutaenui	273	350	-	7,504
699	Upper Manawatū	28	1,000	(8,505)	(6,778)
8,844	Whirokino Drainage	351	1,589	-	10,784
1,007,526	**Total schemes**	**39,999**	**335,366**	**(225,086)**	**1,157,805**
14,416,984	**Total Restricted Reserves - River and Drainage Scheme**	**572,353**	**6,713,759**	**(6,647,472)**	**15,055,624**

36. Internal Borrowings

Closing Balance Debit/(Credit) 2023-24 $		Advances 2024-25 $	Repayments 2024-25 $	Closing Balance Debit/(Credit) 2024-25 $	Interest Paid or Accrued 2024-25 $
	Land and water management				
643,491	Lake Horowhenua Boat Ramp	-	(29,085)	614,406	26,834
1,020,277	Lake Horowhenua Land	-	(42,429)	977,848	42,546
	Regional leadership and governance				
1,904,737	Freshwater Futures	-	(54,528)	1,850,209	79,428
804,208	IRIS Next Gen	728,143	-	1,532,351	-
	Corporate and internal support				
2,691,495	Ozone Replacement Project	-	(244,962)	2,446,533	112,235
-	ECM	1,574,802	-	1,574,802	-
	Flood protection and control works				
25,339	Ashhurst Stream	-	(25,338)	0	1,057
411,589	Foxton East Drainage	34,341	(11,009)	434,921	17,163
297,160	Hōkio Drainage	-	(18,562)	278,597	12,392
392,178	Koputaroa	129,296	(53,926)	467,548	16,354
33,638	Lower Kiwitea	-	(16,475)	17,163	1,403
30,795,613	Lower Manawatū	2,061,110	(601,420)	32,255,303	1,167,311
1,164,652	Lower Manawatū (Special Project)	5,448,664	(1,824,220)	4,789,095	115,719
5,443,426	Lower Whanganui	2,245,374	(2,028,574)	5,660,226	226,991
118,892	Makerua Drainage	-	(17,848)	101,045	4,958
653,697	Manawatū Drainage	-	(43,255)	610,442	27,259
51,341	Matarawa Valley	-	(51,341)	(0)	2,141
108,735	Moutoa Drainage	-	(20,008)	88,728	4,534
230,078	Ōhau-Manakau	-	(28,980)	201,098	9,594
458,720	Pohangina-Ōroua	-	(24,786)	433,934	19,129
3,326,277	Rangitīkei	586,920	(87,394)	3,825,802	138,706
230,150	South-East Ruahines	-	(6,156)	223,995	9,597
20,448	Tutaenui	-	(1,689)	18,758	853
54,112	Upper Manawatū	-	(26,504)	27,608	2,256
3,633	Upper Whanganui	-	(1,779)	1,854	152
67,365	Whangaehu-Mangawhero	-	(67,365)	(0)	2,809
10,936	Whirokino Drainage	-	(5,356)	5,580	456
50,962,185	**Total Internal Borrowings**	**12,808,649**	**(5,332,991)**	**58,437,845**	**2,041,875**

Horizons Regional Council: Funding Impact Statement for the year ended 30 June 2025 (Whole of Council) ($000)

	LTP 2024-34 2024-25	Actual 2024-25	Annual Plan 2023-24 2023-24	Actual 2023-24
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	38,757	38,812	36,351	36,289
Targeted rates	27,236	27,207	22,717	22,704
Subsidies and grants for operating purposes	14,141	17,764	12,644	15,912
Fees and charges	14,221	11,806	13,537	13,912
Interest and dividends from investments	3,850	3,291	3,470	3,376
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	**98,205**	**98,880**	**88,719**	**92,193**
Applications of operating funding				
Payments to staff and suppliers	94,772	94,547	82,806	90,443
Finance costs	3,050	3,286	1,500	3,081
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	**97,822**	**97,833**	**84,306**	**93,524**
Surplus (deficit) of operating funding (A-B)	**383**	**1,047**	**4,413**	**(1,331)**
Sources of capital funding				
Subsidies and grants for capital expenditure	10,887	9,990	8,232	6,157
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	7,288	4,555	9,032	8,357
Gross proceeds from sale of assets	630	1,769	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	300	-	-
Total sources of capital funding (C)	**18,805**	**16,614**	**17,264**	**14,514**
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	22,126	23,931	17,083	10,138
-to replace existing assets	297	225	199	5,141
Increase (decrease) in reserves	(3,217)	(7,296)	4,395	(2,371)
Increase (decrease) of investments	(18)	801	-	275
Total applications of capital funding (D)	**19,188**	**17,661**	**21,677**	**13,183**
Surplus (deficit) of capital funding (C-D)	**(383)**	**(1,047)**	**(4,413)**	**1,331**
Funding balance ((A-B)+(C-D))	**-**	**-**	**-**	**-**
Reconciliation with Statement of Comprehensive Revenue and Expense				

Surplus/(deficit) of operating funding as above	383	1,047	4,413	(1,331)
Subsidies and grants for capital expenditure	10,887	9,990	8,232	6,157
Gross proceeds from sale of assets	630	1,769	-	-
Other dedicated capital funding	-	300	-	-
Amortisation of SLUI land lease	(115)	(405)	-	(499)
Gain on revaluations through surplus/(deficit)	300	-	733	380
Loss on Revaluations	-	(1,009)	-	(1,141)
Loss on Disposal of Assets and Impairment	-	(1,969)	-	(1,940)
Recognition of Carbon Credits	1,889	2,269	-	2,156
Surrendered Carbon Credits	-	(671)	-	(2,403)
Gain/Loss on derivatives	-	(733)	-	(131)
Gain/(Loss) on provision	-	(26)	-	54
Less depreciation (non-cash expense)	(5,917)	(6,995)	(5,878)	(6,628)
Vested Assets	-	-	-	-
Capitalised labour	947	(165)	1,172	-
Surplus/(Deficit) as SOCRE	**9,004**	**3,401**	**8,672**	**(5,326)**

Annual Report Disclosure Statement for the year ending 30 June 2025

What is the Purpose of this Statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

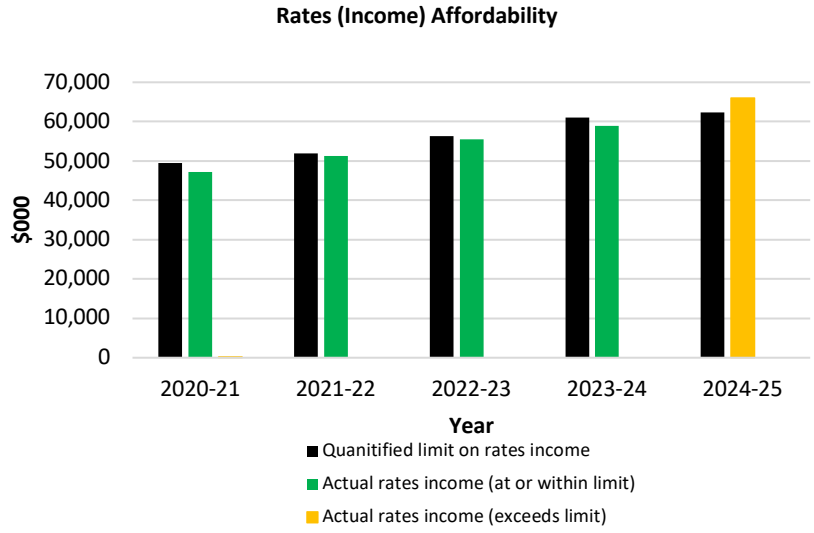
Its actual rates income equals or is less than each quantified limit on rates; and

Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (Income) Affordability

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long-term Plan. The quantified limit is $62.4 million.

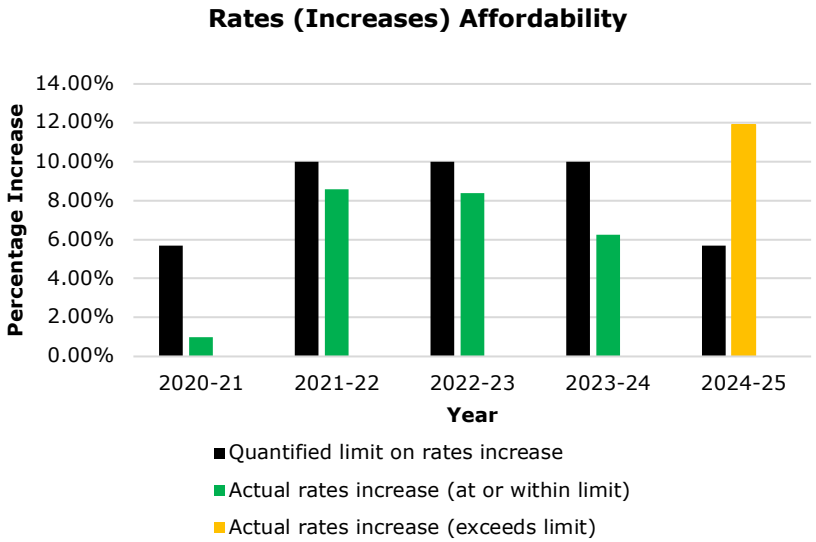
Council planned to breach the limit for the first four years of the LTP due to the need to significantly increase staff numbers and increased levels of service to public transport.

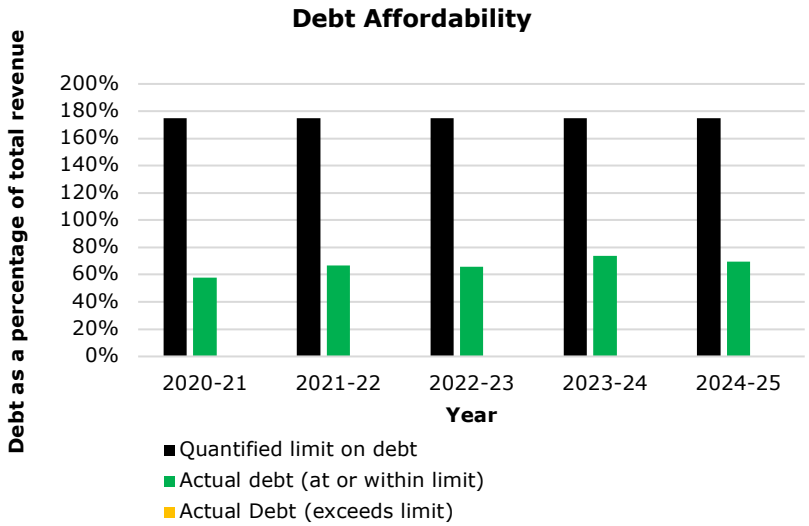


Rates (increases) Affordability

The following graph compares Council's actual rates increases with a quantified limit on rate increases included in the financial strategy in Council's Long-term plan. The quantified limit is 10%.

Council planned to breach the limit for the first four years of the LTP due to the need to significantly increase staff numbers and increased levels of service to public transport.





Debt Affordability Benchmark

Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

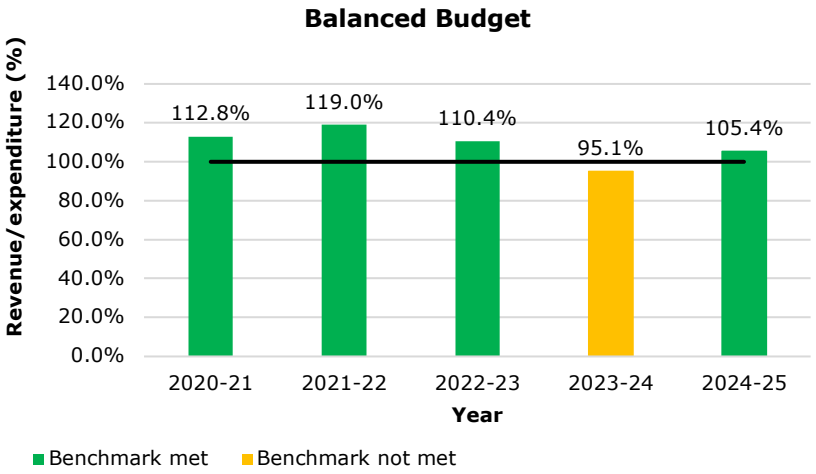
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's Long-term Plan. The quantified limit is 175% of total revenue.

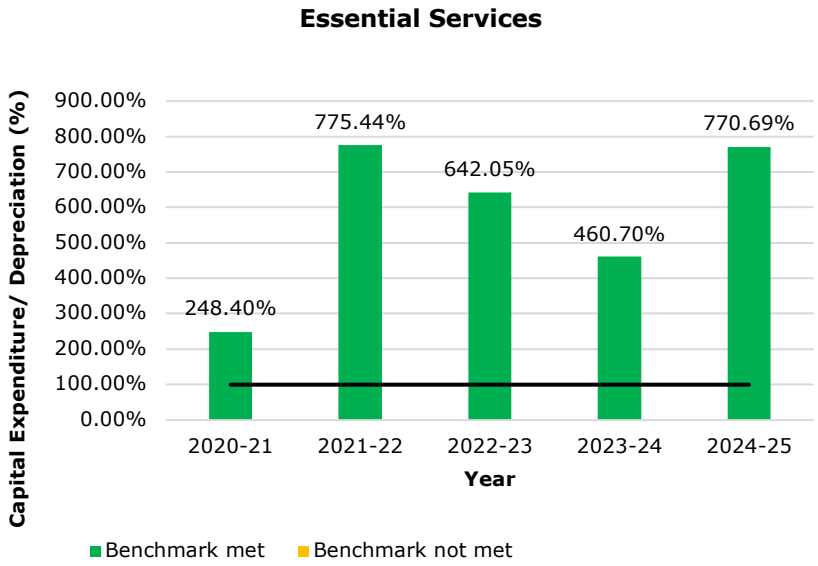
Note: Until 2020-21 this calculation was done by comparing net debt to total revenue, from the 2021-22 financial year this has changed to total debt in our Long-term Plan 2021-31. This change in calculation methodology does not impact any prior year results.

Balanced Budget Benchmark

The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.





Essential Services Benchmark

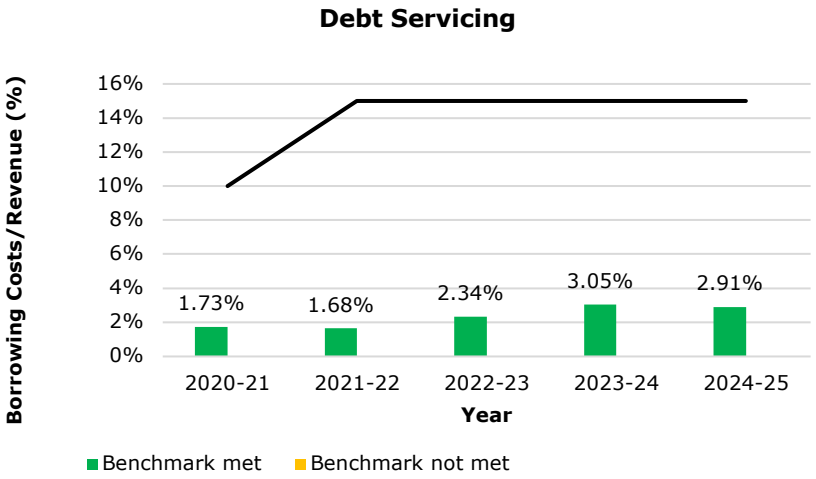
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

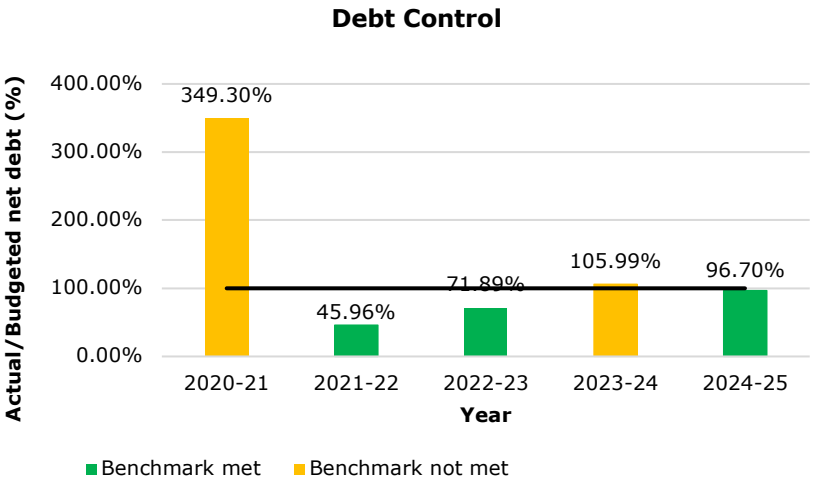
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Debt Servicing Benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects Council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal, or are less than 15% of its planned revenue. Note, prior to 2021-22, this was 10%.





Debt Control Benchmark

The following displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

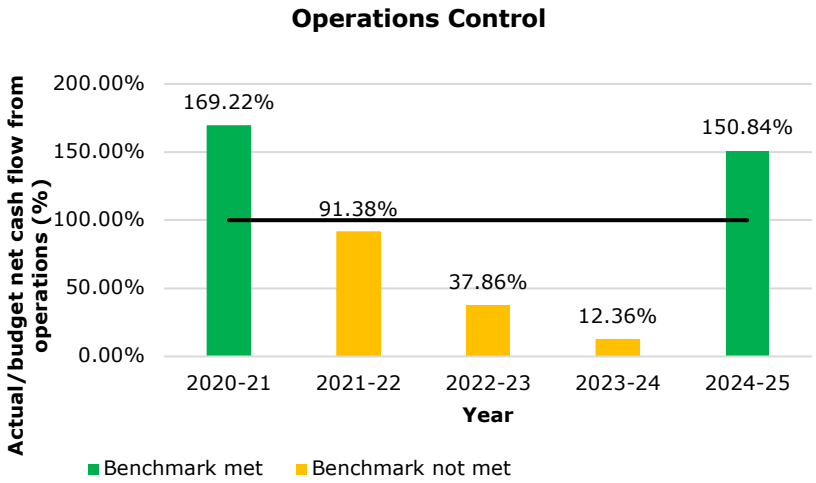
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Note, in the 2020-21 financial year, Council planned to have net assets rather than net debt. The graph below is mathematically correct, and the colour of the bar shows Council's performance against that target.

Operations Control Benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.


Operations Control
Actual/budget net cash flow from operations (%)
200.00%
150.00%
100.00%
50.00%
0.00%
169.22%
91.38%
37.86%
12.36%
150.84%
2020-21
2021-22
2022-23
2023-24
2024-25
Year
Benchmark met
Benchmark not met

Outstanding Fines

As at 30 June 2025, a number of organisations and individuals owed Council $0.044 million in outstanding fines (last year $0.064 million). The following is a list of balances owed by organisations and individuals for court fines imposed prior to 30 June 2025.

Debtor	2024-25 $000	2023-24 $000
Berendt/Derek/Aaron	-	-
Huka View Dairies Limited	40	40
LA Landscape Limited	4	9
NZL Forestry Group Limited	-	13
Pacific Farms Development	-	2
Total	**44**	**64**

Independent Auditor's Report

To the readers of Horizons Regional Council group's annual report for the year ended 30 June 2025

The Auditor-General is the auditor of Horizons Regional Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf.

We have audited the information in the annual report of the Group that we are required to audit in accordance with the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as "the disclosure requirements" in our report.

Opinion on the audited information

In our opinion:

- the financial statements of the Group on pages 88 to 155:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2025;
        - the results of its operations and cash flows for the year ended on that date; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the statement of service performance for the year ended 30 June 2025 on pages 8 to 85:
    - provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;

- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2025 on pages 26 to 85, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities for the year ended 30 June 2025 on pages 26 to 85 has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act;
- the funding impact statement for the year ended 30 June 2025 on page 157, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act for the year ended 30 June 2025; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2025 are complete and accurate.

Date

We completed our work on 29 October 2025. This is the date on which we give our opinion on the audited information and our report on the disclosure requirements.

Emphasis of matter – Uncertainties over the fair value of the shares in CentrePort Limited (CentrePort)

Without modifying our opinion, we draw attention to Note 16 on pages 124 to 127, which outlines how the fair value of the shares in CentrePort as at 30 June 2025 has been determined. There are a number of uncertainties involved in estimating the fair value, as the key assumptions are sensitive to change. These uncertainties could have a material effect on the carrying value of the Regional Council's shares in MWRC Holdings Limited of $31.5 million and the fair value of the group's shares held in CentrePort of $66.7 million.

Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audited information and the disclosure requirements section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information and our report on the disclosure requirements.

Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements the Council is responsible for assessing its ability to continue as a going concern.

Responsibilities of the auditor for the audited information and the disclosure requirements

Responsibilities for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We evaluate whether the statement of service performance includes all groups of activities that we consider are likely to be material to the readers of the annual report.

- We evaluate whether the measures selected and included in the statement of service performance for groups of activities present an appropriate and meaningful basis that will enable readers to assess the Council's actual performance. We make our evaluation by reference to generally accepted accounting practice in New Zealand.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Group.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess

whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and
- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the Group's audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the audited information and our report on the disclosure requirements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a limited assurance engagement related to the Council's debenture trust deed and an audit of the Long-Term Plan amendment Consultation Document which are compatible with the independence requirements. Other than the audit, our report on the disclosure requirements, and these engagements, we have no relationship with, or interests in, the Group.

Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

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